

**19**

**STANDING COMMITTEE ON DEFENCE  
(2020-21)**

**(SEVENTEENTH LOK SABHA)**

**MINISTRY OF DEFENCE**

**DEMANDS FOR GRANTS (2021-22)**

**GENERAL DEFENCE BUDGET, BORDER ROADS ORGANISATION, INDIAN COAST  
GUARD, DEFENCE ESTATES ORGANISATION, DEFENCE PUBLIC SECTOR  
UNDERTAKINGS, CANTEEN STORES DEPARTMENT, WELFARE OF EX-  
SERVICEMEN AND DEFENCE PENSIONS**

**(DEMAND NOS. 18 AND 21)**

**NINETEENTH REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**March, 2021 / Phalguna , 1942 (Saka)**

**NINETEENTH REPORT**

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**(2020-21)**

**(SEVENTEENTH LOK SABHA)**

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**DEMANDS FOR GRANTS (2020-21)**

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UNDERTAKINGS, CANTEEN STORES DEPARTMENT, WELFARE OF EX-  
SERVICEMEN AND DEFENCE PENSIONS**

**(DEMAND NOS. 18 AND 21)**

*Presented to Lok Sabha on 16.3. 2021*

*Laid in Rajya Sabha on 16.3.2021*



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**March, 2021 / Phalguna , 1942 (Saka)**

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## COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2020-21)

**SHRI JUAL ORAM** - **CHAIRPERSON**

### **Lok Sabha**

2. Shri Deepak (Dev) Adhikari
3. Kunwar Danish Ali
4. Shri Ajay Bhatt
5. Shri Devusinh Jesingbhai Chauhan
6. Shri Nitesh Ganga Deb
7. Shri Rahul Gandhi
8. Shri Annasaheb Shankar Jolle
9. Choudhary Mehboob Ali Kaiser
10. Prof. (Dr.) Ram Shankar Katheria
11. Smt. (Dr.) Rajashree Mallick
12. Dr. T.R. Paarivendhar
13. Shri Kapil Moreshwar Patil
14. Shri Anumula Revanth Reddy
15. Shri Jugal Kishore Sharma
16. Dr. Shrikant Eknath Shinde
17. Shri Prathap Simha
18. Shri Brijendra Singh
19. Shri Mahabali Singh
20. Shri Kotagiri Sridhar
21. Shri Durga Das Uikey

### **Rajya Sabha**

22. Dr. Ashok Bajpai
23. Shri Prem Chand Gupta
24. Shri Sharad Pawar
25. Shri V. Lakshmikantha Rao
26. Shri Sanjay Raut
27. Shri Rajeev Satav
28. Dr. Abhishek Manu Singhvi
29. Shri Kamakhya Prasad Tasa
30. Dr. Sudhanshu Trivedi
31. Lt. Gen. Dr. D. P. Vats (Retd.)

## **SECRETARIAT**

- |   |                     |   |                             |
|---|---------------------|---|-----------------------------|
| 1 | Smt. Kalpana Sharma | - | Additional Secretary        |
| 2 | Dr. Sanjeev Sharma  | - | Director                    |
| 3 | Shri Rahul Singh    | - | Deputy Secretary            |
| 4 | Smt. Preeti Negi    | - | Assistant Committee Officer |

## **INTRODUCTION**

I, the Chairperson of the Standing Committee on Defence (2020-21), having been authorised by the Committee, present this Nineteenth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2021-22 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen and Defence Pensions (Demand Nos. 18 and 21)'.

2. The Demands for Grants of the Ministry of Defence were laid on 13 February, 2021 in Lok Sabha. The Committee took evidence of the representatives of the Ministry of Defence on 17, 18 and 19 February, 2021. The draft Report was considered by the Committee at their Sittings held on 9 and 15 March, 2021 and was adopted at the Sitting held on 15 March, 2021.

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

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

**New Delhi;**  
**15 March, 2021**  
**24 Phalguna, 1942 (Saka)**

**JUAL ORAM**  
**Chairperson**  
**Standing Committee on Defence**

# REPORT

## CHAPTER I

### GENERAL DEFENCE BUDGET

#### Introductory

The Committee understand that the principal task of the Ministry of Defence is to obtain policy directions of the Government on all Defence and Security related matters and communicate them for implementation to the Services Headquarters, Inter-Services Organisations, Production Establishments and Research and Development Organisations. It is also required to ensure effective implementation of the Government's policy directions and the execution of approved programmes within the allocated resources.

1.2 The Committee have learnt that the principal functions of all the Departments are as follows:

- (i) **Department of Defence:** The Department of Defence is mandated with Defence of India including defence policy. It deals with Inter-Services Organizations, Defence Accounts Department, Coast Guard, National Cadet Corps, Border Roads Organisation, Institute for Defence Studies and Analysis, National Defence College etc. It is responsible for the Defence Budget, defence lands and cantonments, matters relating to Parliament, and defence cooperation with foreign countries.
- (ii) **Department of Defence Production:** The Department of Defence Production deals with matters pertaining to defence production, indigenisation of imported stores, equipment and spares, planning and control of departmental production units of the Ordnance Factory Board and Defence Public Sector Undertakings (DPSUs).
- (iii) **Department of Defence Research and Development:** Its function is to advise the Government on scientific aspects of military equipment and logistics and the formulation of research, design and development plans for equipment required by the Services.
- (iv) **Department of Ex-Servicemen Welfare:** The Department of Ex-Servicemen Welfare deals with all resettlement, welfare and pensionary matters of Ex-Servicemen.
- (v) **Department of Military Affairs:** This Department deals with the Armed Forces of the Union namely, Army, Navy and Air Force; Integrated Headquarters of the Ministry of Defence; the Territorial Army; Works relating to the three services etc. The Department promotes jointness among the three Services.

## **Demands for Grants**

1.3 There are four Demands for Grants in respect of the Ministry of Defence which the Committee have been mandated to examine. They are:-

- (i) Grant No 18 – Ministry of Defence (Civil)
- (ii) Grant No 19– Defence Services ( Revenue)
- (iii) Grant No 20 – Capital Outlay on Defence Services
- (iv) Grant No 21 – Defence (Pension)

1.4 The Committee have been informed that approval of Parliament is taken for the 'Gross' expenditure provision under different Demands for Grants. Receipts and Recoveries, which include items like sale proceeds of surplus/obsolete stores, receipts on account of services rendered to State Governments/other Ministries, etc. and other miscellaneous items are deducted from the gross expenditure to arrive at the net expenditure on Defence Services. What is commonly referred to as the Defence Budget is the net expenditure thus arrived at.

## **Defence Services Estimates (DSE) 2021-22**

1.5 The Committee learnt that the Defence Services Estimates (DSE) reflects the detailed estimates for the Defence Services and Organizations/Services covered under Grant Number 19 and 20 of the Ministry of Defence. Further, the provision for Defence Services under Demand Numbers 19 and 20 for 2021-22 in the Budget Estimates (BE) is ₹ 3,47,088.28 crore . The Services and Organizations covered under DSE are as follows:

- i) Army (including National Cadet Corps, Director General Quality Assurance, Military Farms and Ex-Servicemen Contributory Health Scheme)
- ii) Navy (including Joint Staff)
- iii) Air Force
- iv) Defence Research and Development Organization (DRDO)
- v) Defence Ordnance Factories

1.6 The Committee further learnt that the 'running' or 'operating' expenditure of the three Services and other Departments viz., Defence Research and Development Organisation



(DRDO), Directorate General Ordnance Factories (DGOF), Directorate General of Quality Assurance (DGQA), National Cadet Corps (NCC), Military Farms and Ex-Servicemen Contributory Health Scheme (ECHS) are provided under the Demand No. 19- Defence Services (Revenue), which caters for the Revenue expenditure, while the Demand No. 20 viz., Capital Outlay on Defence Services, caters for the expenditure incurred on building or acquiring durable assets.

1.7 The Revenue expenditure includes expenditure on pay & allowances, transportation, revenue stores (like ordnance stores, supplies by Ordnance Factories, rations, petrol, oil and lubricants, spares, etc.), revenue works (which include maintenance of buildings, water and electricity charges, rents, rates and taxes, etc) and other miscellaneous expenditure. The Capital expenditure includes expenditure on land, construction works, plant and machinery, equipment, Tanks, Naval Vessels, Aircraft and Aeroengines, Dockyards, etc.

#### **Civil and Pension Estimates (2021-22)**

1.8 While examining the subject, the Committee learnt that the requirement for the Civil expenditure of the Ministry of Defence and Defence Pensions are provided in Demand No. 18- Ministry of Defence (Civil) and Demand No. 21- Defence Pensions. The requirements for the Civil expenditure of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores Department, Defence Estates Organisation, Coast Guard Organisation, Jammu & Kashmir Light Infantry (J&K LI), Border Roads Organization, etc., and Defence Pensions, are provided for in two separate Civil Demands for Grants of the Ministry of Defence, viz. Demand No.18 - MOD(Civil) and Demand No. 21 - Defence Pensions. These are not included in the overall Defence Services allocation of ₹ 3,47,088.28 crore in Budget Estimates 2021-22.

#### **Demand No.18-Ministry of Defence (Civil)**

1.9 The Committee learnt that the provision for Ministry of Defence (Civil) under Demand Number 18 for 2021-22 in the Budget Estimates (BE) is ₹ 15,257.34 crore .

The provisions in RE 2020-21 and BE 2021-22 under Demand No. 18 are given below.

(₹ in crore)

	<b>BE 2020-21</b>	<b>RE 2020-21</b>	<b>BE 2021-22</b>
Gross Revenue	29992.00	28499.06	30088.93
Capital	7246.00	8845.00	7748.41
<b>Gross Expenditure</b>	<b>37238.00</b>	<b>37344.06</b>	<b>37837.34</b>
<i>Receipts (CSD) (-)</i>	<i>20208.00</i>	<i>18100.00</i>	<i>19900.00</i>
Recoveries (BRO) (-)	2530.00	3330.00	2680.00
<b>Net Expenditure</b>	<b>14500.00</b>	<b>15914.06</b>	<b>15257.34</b>

### **Demand No. 21- Defence Pensions**

1.10 Defence Pensions, under the Ministry of Defence provides for Pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three services viz. Army, Navy and Air Force and also employees of Ordnance Factories etc. It covers payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc. The position of budgetary allocation under this head is as under:

(₹ in crore)

<b>BE 2020-21</b>	<b>RE 2020-21</b>	<b>BE 2021-22</b>
1,33,825.00	1,25,000.00	1,15,850.00

1.11 The Committee have been apprised that less requirement of ₹ 17,975.00 crore for BE 2021-22 (₹ 1,15,850.00 crore) over BE 2020-21 (₹ 1,33,825.00 crore) is due to liquidation of previous year carry over pension liabilities.

### **Budget Allocation for 2020-21 for Defence Services**

1.12 The Committee found that the provision for Defence Services under Demand Numbers 19 and 20 for 2020-21 in the Budget Estimates (BE) was ₹ 3,23,053 crore (Net). The Revised Estimates (RE) have been provided at ₹ 3,43,822 crore (Net). On a net basis, the R.E. for 2020-21 show an increase of ₹ 20,769 crore over the B.E.2020-21. The net Revenue budget for BE 2020-21 at ₹ 2,09,319 crore has been decreased by ₹ 7crore to bring the RE at ₹ 2,09,312 crore. In the Capital Outlay, the RE 2020-21 is ₹ 1,34,510 crore which is ₹ 20,776 crore more than the BE 2020-21 allocation of ₹ 1,13,734 crore.

1.13 The Major Head wise position as the Committee have learnt under the Demands is as follows:

(₹ in crore)				
S.No.	Demand	Major Head	B.E. 2020-21	R.E. 2020-21
1.	19- Defence Services (Revenue)	2076- Army (Revenue expdr of Army including NCC and DGQA)	1,50,630.27	1,49,749.80
		2077- Navy (Revenue expdr of Navy and Joint Staff)	23,534.75	24,947.69
		2078-Air Force (Revenue expdr of Air Force)	31,262.66	33,442.07
		2079- OrdFys (Revenue expdr of Def Ord Fys)	15,477.53	12,166.50
		2080- R&D (Revenue expdr of DRDO)	9,094.48	8,808.42
2.	20- Capital Outlay on Defence Services	4076- Capital Outlay on Defence Services (Capital expdr of all Services i.e (Army including NCC , Navy including Jt.Staff , Air Force, OrdFys, R&D, DGQA)	1,13,734.00	1,34,510.00
		Total (Gross)	3,43,733.69	3,63,624.48
		Receipts/Recoveries	20,680.69	19,802.48
		Total (Net)	3,23,053.00	3,43,822.00

1.14 Out of the Revised Estimates of ₹ 3,43,822 crore for 2020-21, the provision for Revenue expenditure is ₹ 2,09,312 crore, while that for Capital expenditure was ₹ 1,34,510 crore. The major components of the net Capital expenditure of ₹ 1,34,510 crore are for Land – ₹ 436.95 crore, Works – ₹ 10,092.91 crore (including Married Accommodation Project), Aircraft – ₹ 41,921.41 crore, Heavy and Medium Vehicles (incl. Director General Ordnance Factories Issues) – ₹ 1,429.40 crore, Other Equipment (incl. DGOF issues) – ₹ 49,216.11 crore (in respect of the three Services), Naval Fleet ₹ 17,394.20 crore, Naval Dockyard – ₹ 3,654.08 crore and other items ₹ 10,364.94 crore.

## **Budget Estimates 2021-22**

1.15 The Committee have also learnt that Budget Estimates for 2021-22 under Defence Services Estimates work out to ₹ 3,67,107.65 crore (Gross) and ₹ 3,47,088.28 crore (Net).

Details are as under:

(₹ in crore)

<b>S.No.</b>	<b>Demand</b>	<b>Major Head</b>	<b>B.E. 2020-21</b>	<b>R.E. 2020-21</b>	<b>BE 2021-22</b>
1.	19-Defence Services (Revenue)	2076- Army (Revenue expdr of Army including NCC and DGQA)	1,50,630.27	1,49,749.80	1,52,994.67
		2077- Navy (Revenue expdr of Navy and Joint Staff)	23,534.75	24,947.69	24,060.58
		2078-Air Force (Revenue expdr of Air Force)	31,262.66	33,442.07	31,952.53
		2079- OrdFys (Revenue expdr of DefOrdFys)	15,477.53	12,166.50	13,657.11
		2080- R&D (Revenue expdr of DRDO)	9,094.48	8,808.42	9,381.94
2.	20-Capital Outlay on Defence Services	4076- Capital Outlay on Defence Services (Capital expdr of all Services i.e(Army including NCC , Navy including Jt.Staff , Air Force, OrdFys, R&D, DGQA)	1,13,734.00	1,34,510.00	1,35,060.72
		Total (Gross)	3,43,733.69	3,63,624.48	3,67,107.65
		Receipts/Recoveries	20,680.69	19,802.48	20,019.37
		Total (Net)	3,23,053.00	3,43,822.00	3,47,088.28

1.16 The net Budget Estimates of Revenue expenditure for the year 2021-22 is ₹ 2,12,027.56 crore which shows an increase of ₹ 2,715.56 crore when compared with the Revised Estimates for 2020-21.

1.17 The net Budget Estimates of Capital expenditure for the year 2021-22 is ₹ 1,35,060.72 crore which shows an increase of ₹ 550.72 crore over the Revised Estimates 2020-21.

1.18 A comparison of the Service/Department-wise allocations in RE 2020-21 and BE 2021-22 under Defence Services Estimates is given below:

(₹ in crore)

Service/ Deptt.	R.E. 2020-21	Percentage of Total Budget	B.E. 2021-22	Percentage of Total Budget
Army	1,77,828.95	51.72%	1,84,176.03	53.06%
Navy	60,890.57	17.71%	56,614.23	16.31%
Air Force	86,825.98	25.25%	83,867.30	24.16%
DGOF	636.74	0.19%	778.88	0.22%
R&D	16,466.29	4.79%	20,457.44	5.89%
DGQA	1,173.47	0.34%	1,194.40	0.34%
Total	3,43,822.00	100.0%	3,47,088.28	100%

Note: Net Revenue plus Capital provision has been shown here.

#### **Defence Budget 2021-22: At a Glance**

1.19 During examination of Demand for Grants 2021-22, the Ministry, through a Power Point presentation before the Committee submitted the following information:

MoD's BUDGET 2021-22		
MoD (₹ 4,78,195.62 crore)		
Defence Services Estimates (DSE) (₹ 3,47,088.28 crore) (72.58%)	Defence Pensions (₹ 1,15,850 crore) (24.23%)	MoD (Civil) (₹ 15,257.34 crore) (3.19%)

Total Defence Budget: At a glance

(₹ in crore)

Service	REVENUE		CAPITAL		TOTAL	
	2020-21 (BE)	2021-22 (BE)	2020-21(BE)	2021-22(BE)	2020-21 (BE)	2021-22 (BE)
Army	1,46,940.51	1,48,818.53	32,474.44	36,551.90	1,79,414.95	1,85,370.43
Navy	22,934.75	23,360.68	26,688.28	33,253.55	49,623.03	56,614.23
Air Force	29,962.66	30,652.53	43,281.91	53,214.77	73,244.57	83,867.30
DGOF	686.60	113.88	756.50	665.00	1,443.10	778.88
DRDO	8,794.48	9,081.94	10,532.87	11,375.50	19,327.35	20,457.44
<b>Total-DSE</b>	<b>2,09,319.00</b>	<b>2,12,027.56</b>	<b>1,13,734.00</b>	<b>1,35,060.72</b>	<b>3,23,053.00</b>	<b>3,47,088.28</b>
MoD(Civil)	9,679.00	10,083.93	4,821.00	5,173.41	14,500.00	15,257.34
<b>Total</b>					<b>3,37,553.00</b>	<b>3,62,345.62</b>
Defence Pension					1,33,825.00	1,15,850.00
<b>Grand Total</b>					<b>4,71,378.00</b>	<b>4,78,195.62</b>

**Summary of Defence Budget (DSE) 2021-22**

	₹ in crore	% of Rev. Exp.	% of Def. Exp.
<b>Revenue Expenditure</b>			
Pay & Allowances	1,53,919.44	72.59	44.35
Stores & Equipment	31,483.63	14.85	9.07
Transportation	6,182.65	2.92	1.78
Miscellaneous	6,912.37	3.26	1.99
Revenue Works, etc	13,529.47	6.38	3.90
<b>(a) Total Revenue Expenditure</b>	<b>2,12,027.56</b>	<b>100.00</b>	<b>61.09</b>
<b>(b)Capital Expenditure</b>	<b>1,35,060.72</b>		<b>38.91</b>
Capital Acquisition/Modernisation	1,11,463.21		32.11
<b>Total (a &amp; b)</b>	<b>3,47,088.28</b>		

1.20 During deliberations on DFG, 2021-22, the Defence Secretary briefed the Committee on the main features of Defence Budget, 2021-22 as under:

“... इस वर्ष हमें नॉन सैलरी रेवेन्यू हैड में 54,624.67 करोड़ मिले हैं और जैसे मैंने पहले कहा कि कैपिटल हैड में 1,35,060.72 करोड़ मिले हैं। इसके अलावा हमें इस वर्ष 2020-21 में आरई में 9,286 करोड़ रुपये नॉन सैलरी रेवेन्यू में और 20,776 करोड़ रुपये कैपिटल में उपलब्ध हुए। यह संख्या हमारे इस वर्ष के बीई के ऊपर है, तो हमें इस वर्ष भी एडिशनल फंड्स मिले हैं, जिससे हमारी सर्विसेस की ऑपरेशनल रिक्वायरमेंट के लिए खर्चा करने में सहायता होगी।

.... मैं समिति को यह भी अवगत कराना चाहूंगा कि जो डिफेंस में रिफॉर्म्स के तहत इस वर्ष 2020-21 में, अक्टूबर, 2020 में डिफेंस एक्विजिशन प्रोसीजर में परिवर्तन करके हम नया प्रोसीजर लाए हैं, जिससे हमें डिफेंस प्रोसीजर को स्ट्रीमलाइन करने में, आत्मनिर्भर भारत और मेक इन इंडिया को ज्यादा अच्छे से आगे बढ़ाने में सहायता मिलेगी। सर, जो नया डिफेंस एक्विजिशन प्रोसीजर आया है, उसमें इज ऑफ डूइंग बिजनेस और सेल्फ रिलायंस पर खास ध्यान दिया गया है।

सर, मैं यह भी बताना चाहूंगा कि इस वर्ष इमरजेंसी प्रोक्योरमेंट पावर्स सर्विसेस को डेलिगेट कर दिया गया है ताकि उनकी ऑपरेशनल रिक्वायरमेंट्स को बहुत सहज तरीके से और जल्दी पूरा किया जा सके। इसके अलावा इमरजेंसी पावर्स को मेडिकल स्टोर और दूसरी आवश्यकताओं को, जो कोविड 19 से फाइट में आवश्यक थी, उनके लिए भी पावर्स डेलिगेट कर दी गई थी। इसके अलावा डिफेंस में नॉन-लेप्सेबल मॉडर्नाइजेशन फंड बनाने के लिए ड्राफ्ट कैबिनेट नोट सरकार की परिगणना में है।”

1.21 During the oral evidence of the representatives of the MoD, the Committee desired to know whether the increment of approximately ₹ 24,000 crore in Defence Budget (excluding pensions) is adequate keeping in view the current security scenario. In response, the Chief of Defence Staff (CDS) submitted as under:

“सर, हमें जो पैसे दिए गए हैं, इसे हम लोग प्रायोरिटाइज्ड कर रहे हैं कि किस तरह से हमें किस प्रक्रिया को आगे लेकर जाना है। ..... This money will be utilized. I also want to tell you that procurement is not a very easy process because these things are not readily available either in India or in the world market. Whatever we are going to purchase with this money, we will be able to place our orders, we will be able to make our initial payment, जो हमें अपने ऑर्डर्स के लिए करना पड़ता है। आगे जिस तरह से हमारी ऑर्डर प्रक्रिया चलती रहती है, उस हिसाब से हमें सरकार पैसे मुहैया करती रहती है, क्योंकि payment will happen part this year, part next year, part next to next year. So, this is how we will progressively keep utilizing the budget, which is being allotted to us.”

1.22 Details of budget provided to the MoD (all four Grants) in Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure for the last five years and the financial year 2021-22 are tabulated as under:

(₹ in crore)

Years	BE Projections	BE Allocations	RE Projections	RE Allocation	Actual Expenditure
2015-16	3,56,854.56	3,10,079.60	3,32,373.19	2,93,579.60	2,93,919.45
2016-17	3,72,044.46	3,40,921.98	3,94,705.22	3,45,106.09	3,51,650.10
2017-18	4,69,051.69	3,59,854.12	4,47,253.10	3,74,003.85	3,79,702.34
2018-19	5,24,509.77	4,04,364.71	4,98,984.09	4,05,193.85	4,03,457.27
2019-20	5,41,073.17	4,31,010.79	5,64,185.75	4,48,820.10	4,52,996.44
2020-21	5,74,314.91	4,71,378.00	5,61,004.07	4,84,736.06	3,38,630.87*
2021-22	6,22,800.51	4,78,195.62			

\*Expenditure is upto December, 2020

1.23 During discussion on Demands for Grants 2021-22, the Committee desired to know that keeping in view the fact that the Services were not allocated requisite Budget even at the Revised Estimates stage in 2020-21, whether critical projects and operational activities of the Services were affected. They also desired to be apprised of the plan to compensate for these urgent and critical capabilities, if any, this year. In this context during oral evidence, the Chief of Defence Staff submitted as under:

“..... बजट की जो प्रक्रिया है, वह बिल्कुल सही तरीके से चल रही है। जो हम पैसा मांगते हैं, वह पैसा हमें मिल रहा है। जैसा कि हमने बताया गया कि आरई स्टेज पर हमें पैसा मिलता रहता है। इनफैक्ट पिछले साल जिस तरह कि हमें अपनी प्रोक्यूरमेंट करनी पड़ी, उसके लिए हमें जितना प्रोजेक्ट किया था, उतना पैसा हमारे पास आया। कुछ पैसा अभी हमें बता दिया गया है कि आप इस पैसे को खर्च करना शुरू करिए, क्योंकि सरकार यह पैसा आपको दे रही है। अभी इसमें केवल कैबिनेट अप्रूवल आना है। हमने इसमें पूरी प्रक्रिया जारी कर दी है।”

1.24 During discussion, the Ministry submitted that the total outlay for capital expenditure, Grant No. 20 is ₹ 1,35,060.72 crore in BE 2021-22, which represents an increase of 18.75 per cent over BE 2020-21. The amount for RE 2020-21 in this head is ₹ 1,34,510 crore.



When the Committee desired further clarification in this regard, the Financial Advisor, MoD submitted as under:

“.... 1,34,510 करोड़ रुपये की जो फिगर है, यह हमारा एकचुअल एक्सपेंडिचर नहीं है। यह हमारा आर.ई. फिगर है, जो अभी एलोकेट हुआ है और अभी उसकी एप्रूवल पार्लियामेंट से भी होनी है। इसलिए अगर एक बार इसका एप्रूवल हो जाएगा, तब हम इसे खर्च कर पाएंगे। अभी जो हमारे पास एलोकेशन है, वह 1,13,734 करोड़ रुपये ही है।”

1.25 In this regard, the Defence Secretary supplemented as under:

“...बजट एस्टीमेट से बजट एस्टीमेट का कम्पैरिजन होता है, आर.ई. से आर.ई. का होता है। अगर हम बजट एस्टीमेट से बजट एस्टीमेट का कम्पैरिजन देखेंगे तो हमारा 18.75 प्रतिशत ज्यादा है। अगर हम आर.ई.-टू-बी.ई. देखेंगे, क्योंकि हमें इस बार आर.ई. मिला है और जब मिल जाएगा, उसके बाद हम उसे खर्च भी करेंगे। हमें यह भी आशा है कि अगले वर्ष आर.ई. में हमें फिर कुछ मिल सकता है। इसलिए हम अगले साल का आर.ई.-टू-आर.ई. देख सकते हैं। इस समय अगर हम कम्पैरिजन करेंगे तो बी.ई.-टू-बी.ई. करेंगे। ”

### **Growth of Defence Budget vis-a-vis rate of inflation**

1.26 On being asked to furnish details of the growth of Defence Budget, considering the present rate of inflation in terms of Whole Sale Price Index (WSPI) and Consumer Price Index (CPI), the Ministry of Defence submitted the following information:-

“As per Economic Survey 2020-21, Consumer Price Index-Combined (CPI-C) inflation increased to 6.6 percent (provisional) in 2020-21 (April to December, 2020) as compared to 4.8 percent in 2019-20. The annual rate of inflation based on monthly Wholesale Price Index (WPI) fell from 1.7 percent in 2019-20 to -0.1 percent (provisional) during 2020-21 (April to December, 2020). Based on Consumer Price index, the inflation stood at 4.6% (Provisional) in December, 2020 as compared to 4.8% in 2019-20.

Comparison with the growth of defence budget considering the CPI based inflation as per the Economic Survey is as follows:

(₹ in crore)

Defence Budget	2019-20 (Actuals)	2020-21		2021-22 (BE)
		BE	RE	
Defence Services Revenue	2,07,572.15	2,09,319.00	2,09,312.00	2,12,027.56
Capital Outlay on Defence Services	1,11,092.43	1,13,734.00	1,34,510.00	1,35,060.72
MoD(Civil)	16,521.62	14,500	15,914.06	15,257.34
Defence Pensions	1,17,810.24	1,33,825.00	1,25,000.00	1,15,850.00
Total	4,52,996.44	4,71,378.00	4,84,736.06	4,78,195.62
Defence Budget % Growth			7.01*	1.45**
Inflation Rate (CPI-C) Annually (%)			6.6@	
Actual Increase Adjusting Inflation			0.41	

\* Based on increase in RE of 2020-21 over 2019-20 (Actuals).

\*\* Based on increase in BE 2021-22 over BE 2020-21.

@inflation rate April-December, 2020 (Provisional)"

**Growth of Defence Budget vis-a-vis Central Budget Expenditure (CGE) and Gross Domestic Product (GDP):**

1.27 The Committee found that the total Defence Budget (including Miscellaneous and Pensions) is ₹ 4,78,195.62 crore for the year 2021-22, which is 13.73 percent of total Central Government Expenditure and 2.15 percent of GDP for the year 2021-22. Also, Capital Budget of Ministry of Defence for 2021-22 is approximately 25.30 percent of the total capital expenditure of the Central Government Expenditure.

1.28 Data on growth of Defence Budget in comparison to central budget and GDP, in absolute and relative terms, for the last five years as provided to the Committee is as under:

(₹ in crore)

Year	Defence Expenditure	Total CGE (Actuals)	Def. Exp % of CGE	GDP	Def. Exp % of GDP
2016-17 (Actual)	3,51,650	19,75,194	17.80	153,62,386 (2nd RE)	2.29
2017-18 (Actual)	3,79,702	21,41,973	17.73	171,00,000	2.22
2018-19 (Actual)	4,03,457	23,15,113	17.43	1,89,70,000	2.13
2019-20 (Actual)	4,52,996	26,86,330	16.86	2,03,40,000(PE)	2.23
2020-21 (RE)	4,84,736	34,50,305	14.05	1,94,81,975 (RE)	2.49
2021-22 (BE)	4,78,196	34,83,236	13.73	2,22,87,397 (BE)	2.15

Note: GDP figures from FY 2016-17 are as per Economic Survey 2019-20 (Vol-2) – Table 1.6-Components of GDP at Current Prices. Figures for 2017-18 to 2019-20 are as per Economic Survey 2020-21 (Vol-2)(Table 0.1:Key Indicators). Figures for 2020-21 (RE) and 2021-22(BE) are as per Budget at a Glance (2021-22) BE= Budget Estimates, RE=Revised Estimates, PE = Provisional Estimates

1.29 When asked to provide relevant information in regard to the Defence Budget of neighbouring and developed countries vis-a-vis their Central Budget and GDP, the Ministry furnished following information:

“A like to like comparison of the data on defence spending vis-à-vis that of other countries is difficult due to lack of uniformity in treatment of different components of expenditure and non-availability of reliable published data. Nevertheless, based on inputs from Stockholm International Peace Research Institute (SIPRI) Military Expenditure Database, data on defence budget in respect of neighbouring countries and some advanced countries, including defence spending as percentage of their GDP and share of government spending, is given below:

[In current US \$ Million]

Country	2017			2018			2019		
	Def. exp.	% of GDP	% of govt. exp	Def. exp.	% of GDP	% of govt. exp	Def. exp.	% of GDP	% of govt. exp
China	[228466.3]	[1.9]	[5.9]	[253491.5]	[1.9]	[5.6]	[261081.9]	[1.9]	[5.4]
Pakistan	11461.3	3.8	17.7	11528.9	4.1	18.8	10256.1	4.0	18.4
USA	646752.9	3.3	9.4	682491.4	3.3	9.4	731751.4	3.4	9.4
Russia	66527.3	4.2	12.1	61387.5	3.7	11.4	65102.6	3.9	11.4
UK	46433.3	1.8	4.6	49892.1	1.8	4.6	48650.4	1.7	4.5

Figures in [bracket] are SIPRI Estimates”

1.30 On being specifically asked if the growth of Defence Budget could be termed as negative, the Ministry of Defence submitted following reply:

“The amount allocated/expended in respect of Capital Acquisition (Modernization) for last five years is as under:

(₹ in crore)

Year	BE	RE	Modified Appropriation (Final Grant)	Expenditure
2016-17	70,000.00	62,719.36	64,953.86	69,396.69
2017-18	69,473.41	68,965.24	68,980.89	72,732.20
2018-19	74,115.99	73,882.95	74,538.54	75,892.85
2019-20	80,959.08	89,836.16	90,275.13	91,053.15
2020-21	90,047.80	1,14,320.30	-	70,570.81*
2021-22	1,11,463.21	-	-	-

\* Expenditure is upto December, 2020.

From the above data, it may be seen that from 2016-17 onwards, allocation under Capital Acquisition head has increased by ₹ 41,463.21 crore in absolute terms.”

1.31 When asked the manner in which growth of Defence Budget will impact the modernisation/ acquisition plans of the Forces, the Ministry replied as under:

“Acquisition Wing, being a specialist organization created on the basis of the Kargil Committee Report and recommendations of the Group of Ministers, not only monitors capital expenditure, but also looks after all capital acquisition projects from inception to finality. In addition, the Defence Procurement Board, which is chaired by Defence Secretary and the Defence Acquisition Council headed by Raksha Mantri comprises of all stakeholders, monitors adherence to broad timelines in Defence Procurement.

The modernisation plans of the Forces will proceed as planned. Additional funds will be sought at Supplementary/RE stage as and when required. Also, if required, through reprioritization, it will be ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.”

### Projections made by the Services

1.32 Details regarding the projections made by the three services, allocations made at BE and RE stage and the expenditure incurred during the last five years, and the projected outlay and BE allocation for 2021-22, separately for Capital and Revenue, are as follows:-

#### REVENUE

(₹ in crore)

Year	Service	BE		RE		Expenditure
		Projected	Allocated	Projected	Allocated	
2015-16	Army	1,09,758.22	1,03,315.91	1,04,408.45	1,00,106.78	1,02,847.18
	Navy	18,546.58	15,525.64	15,838.30	14,635.18	14,992.04
	Air Force	29,632.28	23,000.09	23,000.09	20,377.09	21,020.95
2016-17	Army#	1,15,561.78	1,12,764.62	1,21,686.11	1,17,925.22	1,16,901.93
	Navy	18,502.56	17,424.79	19,348.23	17,813.99	17,136.77
	Air Force	25,728.60	23,655.83	23,817.22	23,817.52	22,856.44
2017-18	Army\$	1,52,491.22	1,19,961.51	1,29,287.59	1,21,451.80	1,27,507.48
	Navy	22,473.64	18,493.82	20,545.47	18,878.93	18,715.05
	Air Force	29,147.29	24,802.33	29,746.42	27,209.61	27,393.20
2018-19	Army\$	1,51,814.73	1,27,059.51	1,41,456.91	1,29,812.34	1,34,241.38
	Navy	23,747.75	19,571.37	24,420.58	20,795.04	20,856.23
	Air Force	35,260.79	28,821.27	32,407.37	28,105.43	28,291.25
2019-20	Army	1,52,321.32	1,40,398.49	1,52,424.82	1,42,773.83	1,42,529.38
	Navy	27,086.29	22,211.71	28,737.09	22,786.71	22,387.31
	Air Force	34,849.50	29,601.69	40,382.40	29,951.69	30,124.31
2020-21*	Army	1,65,228.28	1,45,785.88	1,53,436.68	1,44,545.67	1,06,690.05
	Navy	32,237.96	22,934.75	28,379.84	23,347.69	15,135.30
	Air Force	43,904.17	29,962.66	44,605.21	31,742.07	22,640.01
2021-22	Army	1,70,705.28	1,47,644.13			
	Navy	34,256.83	23,360.68			
	Air Force	44,992.90	30,652.53			

\* Expenditure figures are upto December, 2020.

(# Includes allotment to NCC, Military Farms, Rashtriya Rifles and ECHS which were shifted from Army to modified Grant -MoD(Miscellaneous) in FY 2016-17, for the purpose of comparison with previous as well as future years. Except for Military Farms and ECHS, other organizations were transferred back to Defence Services Estimates in FY 2017-18. In FY 19-20 Military Farms and ECHS also reverted back to DSE)

(\$ - Excludes Military Farms and ECHS)

Note:- Navy includes Joint Staff. RE 20-21 and BE 21-22 are yet to be approved by the Parliament.

## CAPITAL

(₹ in crore)

Year	Service	BE		RE		Expenditure
		Projected	Allocated	Projected	Allocated	
2015-16	Army	31,938.67	27,342.42	27,845.33	24,230.47	20,703.70
	Navy	26,268.13	25,003.24	25,152.20	19,740.06	19,874.69
	Air Force	46,191.96	33,686.75	35,780.78	30,442.15	31,198.32
2016-17	Army#	37,960.18	26,935.81	34,489.90	24,017.86	28,462.11
	Navy	30,223.31	22,000.09	22,530.04	19,596.28	19,996.88
	Air Force	41,266.41	29,795.42	36,512.95	28,239.86	30,414.79
2017-18	Army\$	42,485.93	25,205.71	40,791.43	25,205.71	27,148.26
	Navy	28,591.56	19,348.16	27,717.41	19,348.16	20,118.58
	Air Force	62,048.85	33,570.17	52,548.50	33,570.17	34,917.60
2018-19	Army\$	44,572.63	26,815.71	41614.41	26,815.71	27,438.66
	Navy	35,695.41	20,848.16	30735.65	20,890.87	21,509.60
	Air Force	77,694.74	35,770.17	68579.46	35,770.17	36,451.74
2019-20	Army	44,660.57	29,511.25	46,032.00	29,666.90	29,000.88
	Navy	37,220.98	23,156.43	40,123.18	26,156.43	27,446.68
	Air Force	74,894.56	39,347.19	81,301.99	44,947.19	45,104.23
2020-21	Army	50,373.60	32,462.38	39,019.17	33,283.28	15,354.93
	Navy	45,268.31	26,688.28	51,769.28	37,542.88	25,384.81
	Air Force	66,207.29	43,281.91	72,955.18	55,083.91	34,098.00
2021-22	Army	51,492.10	36,531.90			
	Navy	70,920.78	33,253.55			
	Air Force	77,140.56	53,214.77			

\* Expenditure figures upto December, 2020.

(# Includes allotment to NCC, Military Farms, Rashtriya Rifles and ECHS which were shifted from Army to modified Grant -MoD(Miscellaneous) in FY 2016-17, for the purpose of comparison with previous as well as future years. Except for Military Farms and ECHS, other organizations were transferred back to Defence Services Estimates in FY 2017-18. In FY 19-20 Military Farms and ECHS also reverted back to DSE)

(\$ - Excludes Military Farms and ECHS)

**Note:** Navy includes Joint Staff. RE 20-21 and BE 21-22 are yet to be approved by the Parliament.

**REVENUE + CAPITAL**

(₹ in crore)

Year	Service	BE		RE		Expenditure
		Projected	Allocated	Projected	Allocated	
2015-16	Army	1,41,696.89	1,30,658.33	1,32,253.78	1,24,337.25	1,23,550.88
	Navy	44,814.71	40,528.88	40,990.50	34,375.24	34,866.73
	Air Force	75,824.24	56,686.84	58,780.87	50,819.24	52,219.27
2016-17	Army#	1,53,521.96	1,40,675.80	1,69,576.52	141943.08	145364.04
	Navy	48,725.87	39,424.88	41,878.27	37410.27	37133.65
	Air Force	66,995.01	53,451.25	60,330.17	52057.38	53271.23
2017-18	Army\$	1,94,977.15	1,45,167.22	1,70,079.02	1,46,657.51	1,61,680.78
	Navy	51065.20	37841.98	48262.88	38227.09	42,425.13
	Air Force	91,196.14	58,372.50	82,294.92	60,779.78	64,743.83
2018-19	Army\$	1,96,387.36	1,53,875.22	1,83,071.32	1,56,628.05	1,61,680.04
	Navy	59,443.16	40,419.53	55,156.23	41,685.91	42,365.83
	Air Force	1,12,955.53	645,91.44	1,00,986.83	63,875.60	64,742.99
2019-20	Army	1,96,981.89	1,69,909.74	1,98,456.82	1,72,440.73	1,71,530.26
	Navy	64,307.27	45,368.14	68,860.27	48,943.14	49,833.99
	Air Force	1,09,744.06	68,948.88	1,21,684.39	74,898.88	75,228.54
2020-21*	Army	2,15,601.88	1,78,248.26	1,92,455.85	1,77,828.95	1,22,044.98
	Navy	77,506.27	49,623.03	80,149.12	60,890.57	40,520.11
	Air Force	1,10,111.46	73,244.57	1,17,560.39	86,825.98	56,738.01
2021-22	Army	2,22,197.38	1,84,176.03			
	Navy	1,05,177.61	56,614.23			
	Air Force	1,22,133.46	83,867.30			

\*Expenditure figures are upto December, 2020.

(# Includes allotment to NCC, Military Farms, Rashtriya Rifles and ECHS which were shifted from Army to modified Grant -MoD(Miscellaneous) in FY 2016-17, for the purpose of comparison with previous as well as future years. Except for Military Farms and ECHS, other organizations were transferred back to Defence Services Estimates in FY 2017-18. In FY 19-20 Military Farms and ECHS also reverted back to DSE)

(\$ - Excludes Military Farms and ECHS)

**Note:** Navy includes Joint Staff. RE 20-21 and BE 21-22 are yet to be approved by the Parliament.

### **Additional Allocation sought by the Services**

1.33 The Committee were informed of the details of additional allocation sought by the three services at RE stage and amount allocated which are as under:

(₹ in crore)

Year	Service	BE	RE		Additional amount sought in RE
		Allocated	Projected	Allocated	
2015-16	Army	1,30,658.33	1,32,253.78	1,24,337.25	1,595.45
	Navy	40,528.88	40,990.50	34,375.24	461.62
	Air Force	56,686.84	58,780.87	50,819.24	2,094.03
2016-17	Army	1,39,700.43#	1,69,576.52	1,41,943.08	29,876.09
	Navy	39,424.88	41,878.27	37,410.27	2,453.39
	Air Force	53,451.25	60,330.17	52,057.38	6,878.92
2017-18	Army	1,45,167.22	1,70,079.02	1,46,657.51	24,911.80
	Navy	37,841.98	48,262.88	38,227.09	10,420.90
	Air Force	58,372.50	82,294.92	60,779.78	23,922.42
2018-19	Army	1,53,875.22	1,83,071.32	1,56,628.05	29,196.10
	Navy	36,622.59	50,380.02	37,795.25	13,757.43
	Air Force	64,591.44	1,00,986.83	63,875.60	36,395.39
2019-20	Army	1,69,909.74	1,98,456.82	1,72,440.73	28,547.08
	Navy	45,368.14	68,860.27	48,943.14	23,492.13
	Air Force	68,948.88	1,21,684.39	74,898.88	52,735.51
2020-21	Army	1,78,248.26	1,92,455.85	1,77,828.95	14,207.59
	Navy	49,623.03	80,149.12	60,890.57	30,526.09
	Air Force	73,244.57	1,17,560.39	86,825.98	44,315.82

### **Compromises made or likely to be made due to reduced budgetary allocation**

1.34 When asked to furnish the reasons for reduction, if any, in the allocation of projected funds to the services as adduced by the Ministry of Defence and Finance, the Ministry of Defence replied as under:

“This Ministry submits requirements projected by Services to Ministry of Finance for favourable consideration. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services and the pace of expenditure in the current Financial Year. In addition to this, based on the overall ceilings conveyed by MoF, the Ministry of Defence allocates funds among the Services and



Organisations under MoD, based on Inter-Services priorities and allocations for critical projects”.

1.35 When asked to state the areas where compromises have been made or likely to be made due to reduced budgetary allocation as compared to the projections made by the three Services and other organizations/heads, the Ministry of Defence responded as under:

“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.

In so far as the capital segment is concerned, funds are first set aside to meet the projected milestone based liabilities likely to materialise during the year. The remaining allocation is distributed to meet the projected requirement for other items.

The allocated funds are optimally utilized towards operational activities. If required, the schemes are reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Forces.”

### **Army Base Workshops**

1.36 During deliberations on the DFG 2021-22, the Committee desired to be apprised of the current state of Army Base workshops in the Country. In this regard, the Chief of Defence Staff submitted as under:

“सर, हमारे पास जो बेस वर्कशॉप्स हैं, इनका गोको आइजेशन चल रहा है। अभी इसका डीपीआर बनाने की प्रक्रिया जारी है। इस बारे में हम लोग किस तरह से करेंगे, हमने क्या किया है, काफी इंडस्ट्रीज के साथ बातचीत चल रही है। जिस इंडस्ट्री को इस पर कार्रवाई करनी है, उनको हमने बेस वर्कशॉप दिखा दिया है कि आप देखिए कि इसको आगे प्राइवेटाइज करके कैसे चलाएंगे। इनमें कुछ आधुनिकीकरण की भी जरूरत है। इन वर्कशॉप्स को मॉडर्नाइज करना है। हम चाहते हैं कि यह काम प्राइवेट इंडस्ट्री के जरिए हो। इसमें हमारे पास काफी लैंड्स बैंक भी है। उस लैंड को किस तरह यूटिलाइज करना है, उसकी अलग प्रक्रिया चल रही है। हमारा बेसिक कारण यह है कि जितना हम अपने रिपेयर और मैनुफैक्चरिंग कैपेबिलिटी के लिए आउटसोर्स कर सकते हैं, उतना हम आउटसोर्स करें। अगर उसमें कोई स्पेयर कैपेसिटी आती है तो हम उसमें सिविलियन इंफ्रास्ट्रक्चर भी डेवलप कर सकते हैं। अगर हम उसमें ट्रक रिपेयर करते हैं तो हो सकता है कि हम बाहर के भी ट्रक रिपेयर कर सकें। इस तरह से हम चाहेंगे कि गोको आइजेशन के माध्यम से रिसोर्स का अधिकतम यूटिलाइजेशन और बेस्ट यूटिलाइजेशन ऑफ लैंड हो। इन दोनों प्रक्रिया को एक साथ शामिल करके यह गोको आइजेशन आगे बढ़ रहा है। इसका डीपीआर ऑर्डर हो गया है।”

## **Wheeled Armoured Personnel Carriers**

1.37 Further, the issue of manufacturing of Wheeled Armoured Personnel Carriers in the country also came up during the discussion. The CDS apprised in this regard as under:

“आपने जो पहला प्रश्न उठाया कि क्या हमारे पास कोई ऐसी बख्तरबंद गाड़ी है, जिसमें हमारे जवान पहाड़ में, प्लेन इलाके में, अन्य इलाकों में, जंगल के इलाके में, पानी में भी जा सकते हैं, तो मैं बताना चाहूंगा कि इसको हम वैप बोलते हैं, व्हील्ड आर्मर्ड पर्सनल कैरियर, यह हमारे देश में बनाया जा रहा है। सिर्फ एक इंडस्ट्री ही नहीं, एक तो डीआरडीओ की टेक्नोलॉजी से हमारी ऑर्डिनेंस फैक्ट्री ने इसको बनाया है और दो से तीन इंडस्ट्रीज़ हैं, जिन्होंने हमें इसकी प्रोग्रेस दिखाई है। इसका प्रोक्योरमेंट शुरू भी हो गया है। हमने जो सबसे पहला प्रोक्योरमेंट किया था, वह यूनाइटेड नेशंस में कांगो और सूडान के लिए किया, क्योंकि वहां हमारे लिए बहुत जरूरी था। हिंदुस्तान में हमारे पास दूसरी गाड़ी भी है, जिसको हम माइन प्रोटेक्टेड व्हीकल बोलते हैं, जिसको सीआरपीएफ वाले यूज करते हैं नक्सलस इलाके में और हम लोग भी यूज करते हैं, वह गाड़ी है, लेकिन हम उससे एक बड़ी गाड़ी बना रहे हैं, जिसको वैप बोला जा रहा है। आत्म निर्भर भारत के तहत हमने यह कार्यवाही शुरू की है। हमारी कम से कम दो प्राइवेट इंडस्ट्रीज़ हैं, जिन्होंने हमें सैंपल दे दिए हैं। उनके जरिए प्रोक्योरमेंट शुरू हो गया है और उनको आर्डर्स भी दे दिए गए हैं। सबसे पहले हम उनको लद्दाख और सिक्किम में डिप्लॉय कर रहे हैं। जैसा कि मैंने बताया कि यूनाइटेड नेशंस में तो यह हमारे टूप्स के लिए भेजे जा चुके हैं। इसमें बहुत अच्छी प्रोग्रेस हो रही है। यह पानी में भी चल सकता है। यह दूसरे तरह के रेतीले और पहाड़ी इलाके में बहुत काबलियत से काम करता है। इसमें बहुत पॉवरफुल इंजन है।”

## **Indian National Defence University**

1.38 During discussion on Demands for Grants 2021-22, the Committee desired to be apprised of the current status of Indian Defence University, the execution of which has been inordinately prolonged. In response, the Defence Secretary during evidence submitted as under:

“सर, इंडियन डिफेंस यूनिवर्सिटी के लिए पहले डीपीआर बना था, जिसका एनालिसिस करने के बाद यह पाया गया कि उसमें कुछ और इंप्रूवमेंट करने की जरूरत है। इसके लिए प्रोफेसर काकोदकर की चेयरमैनशिप में एक कमेटी बनाई गई है। उसमें और भी एक्सपर्ट्स हैं। डिफेंस यूनिवर्सिटी की रूप-रेखा कैसी होनी चाहिए, उसके लिए हम आशा करते हैं कि उस कमेटी की रिपोर्ट एक-दो महीने में आ जाएगी। हम उसके आधार पर कैबिनेट में जाएंगे।.....हाल में गवर्नमेंट ने एक्ट के तहत राष्ट्रीय रक्षा यूनिवर्सिटी भी बना दी है। वह होम अफेयर्स के तहत आती है और वहाँ पर ऑलरेडी उसका काम शुरू हो चुका है। हमारी डिफेंस यूनिवर्सिटी का प्रोजेक्ट जल्द ही पूरा हो जाएगा।”

1.39 On the subject, the Chief of Defence Staff further supplemented as under:

“हम अपनी सर्विस ट्रेनिंग के जरिए जो भी कार्यवाही करते हैं, हम बहुत से रिसर्च पैपर्स बनाते हैं, क्योंकि हमारे लोग एमफिल करते हैं और पीएचडी करते हैं। हम अभी जितनी भी एमफिल और पीएचडी की कार्यवाही कर रहे हैं, वे सब अन्य यूनिवर्सिटीज के जरिए कर रहे हैं। जैसे, मद्रास यूनिवर्सिटी है, चौधरी चरण सिंह यूनिवर्सिटी है तो हमारा जितना भी रिसर्च वर्क का प्रोजेक्ट होता है, वह इन यूनिवर्सिटीज के पास चला जाता है। हम उसमें लिखित रूप से देते तो हैं कि इसमें कोई भी क्लासीफाइड इन्फोर्मेशन नहीं गई है, लेकिन हमारी मिलिट्री नॉलेज के जरिए हम जो कुछ अपने थीसिस में डालते हैं, उस में काफी हद तक मिलिट्री नॉलेज डाइवल्ज हो जाती है। इसीलिए हम यह कोशिश कर रहे हैं और जैसा रक्षा सचिव ने बताया है कि हम इस तरह से इसको मुहैया करवाएं, जिससे हमारी रिसर्च कैपेबिलिटी इन हाउस रहे। यह ओपन सोर्स में अवेलेबल नहीं होनी चाहिए। जिसको भी रिसर्च करना है, वह एक जगह पर आकर रिसर्च करे, जिससे वे हमारी थीसिस को इस्तेमाल में ला सकते हैं। इसलिए यह ज्यादा फैलना नहीं चाहिए। बाकी देशों में भी सर्विस ऑफिसर जो रिसर्च करते हैं, उन्हें अलग कैटेगरी में शामिल किया जाता है। “

## CHAPTER II

### BORDER ROADS ORGANISATION

The Committee have learnt that the role of BRO, during peace time, is to develop and maintain operational road infrastructure of General Staff in Border Areas and to contribute to the socio-economic development of the Border States. In addition, the BRO also attends to the following during war time:

- (i) To develop and maintain roads to keep line of control through in Original Sectors and Re-deployed Sectors;
- (ii) To execute additional task, as laid down by the Government, contributing to the overall war effort.

#### **Achievement of BRO in 2020**

2.2 The Committee have been informed that some of the strategic roads, bridges and tunnel completed by BRO in 2020 are as under:-

- (i) **Completion of 06 bridges in Jammu & Kashmir:** Hon'ble RM inaugurated two bridges on the Tarnah Nallah in Kathua District and four bridges located on Akhnoor-Pallanwala road in Akhnoor/Jammu district having spans ranging from 30 to 300 m at an overall cost of ₹ 43 crore. These bridges will facilitate movement of Armed Forces in this strategically important sector and will also contribute towards the overall economic growth of remote border areas.
- (ii) **Completion of Atal Tunnel, Rohtang:-** Hon'ble Prime Minister dedicated Atal Tunnel, Rohtang to the nation on 3<sup>rd</sup> October, 2020, which was completed at a cost of ₹ 3200 crore. The 9.02 km long tunnel is world's longest motorable tunnel above 10,000 ft (3048 m) and has been constructed in an extremely difficult and hostile climate, deploying the latest and best practices in tunnel technology with state-of-the-art features which include semi-transverse ventilation, Supervisory Control and Data Acquisition System (SCADA) controlled fire fighting, illumination and monitoring systems. This engineering feat is expected to reduce the road distance by 46 Km between Manali and Leh and the time by about 4-5 hours.
- (iii) **Completion of 44 Bridges:** Hon'ble Raksha Mantri dedicated to the nation 44 bridges of span ranging between 24 to 484 m located in UT of J&K, UT of Ladakh, Himachal Pradesh, Punjab, Uttarakhand, Arunachal Pradesh and Sikkim. These bridges are of strategic importance and have been designed to facilitate movement of heavy civil & military traffic in

border areas. Apart from assisting speedy deployment of Armed Forces in strategically important sectors, the bridges will also contribute towards the overall economic growth of remote border areas in Western, Northern and the Northeast sectors.

- (iv) **Completion of Indo China Border Roads:** O6 ICBRs of length 270.56 km have been completed in the States of Himachal Pradesh, Uttarakhand, Arunachal Pradesh and UT of Ladakh.

### Allocations to BRO

2.3 The details of allocation to BRO, made by various Ministries at BE and RE stage and expenditure incurred during last five years are given below:

(₹ in crore)

YEAR	AGENCY	BE Allotment	Final Allotment	Expenditure
2017-18	MoD (Misc)	4168.20	4180.69	4239.56
	MoRT&H	370.00	320.00	317.90
	MEA	35.08	49.75	49.75
	MHA	101.62	83.15	82.97
	MoD	523.60	726.43	725.67
	M DoNER	5.00	5.00	5.00
	Deposit	70.94	91.55	36.85
	<b>Total</b>	<b>5274.44</b>	<b>5456.57</b>	<b>5457.70</b>
2018-19	MoD (Misc)	4426.16	4860.77	5360.82
	MoRT&H	450.00	385.00	362.54
	MEA	34.91	42.33	42.33
	MHA	136.57	183.78	183.92
	MoD	510.35	692.21	691.68
	M DoNER	5.00	5.00	5.00
	Deposit	19.55	112.72	59.56
	<b>Total</b>	<b>5582.54</b>	<b>6281.81</b>	<b>6705.85</b>
2019-20	MoD (civil)	5234.22	5749.16	5859.12
	MoRT&H	602.50	557.92	555.11
	MEA	26.30	26.82	23.87
	MHA	221.12	191.12	194.22
	MoD	925.85	1003.31	1002.99
	M DoNER	5.57	1.78	1.78
	Deposit	35.02	45.12	99.99
	<b>Total</b>	<b>7050.58</b>	<b>7575.23</b>	<b>7737.08</b>
2020-21 (as on Nov 2020)	MoD (Civil)	6786.23	6935.25	4339.66
	MoRT&H	862.46		524.73
	MEA	23.23		0.89
	MHA	165.00		73.38
	MoD	1003.43		561.88
	M DoNER	3.79		0.00
	Deposit	82.71		53.97
	<b>Total</b>	<b>8926.85</b>	<b>6935.25</b>	<b>5554.51</b>
2021-22	MoD (Civil)	6004.00	-	-
	Other Ministries		Not yet allocated	

2.4 The Committee infer from the above data that for 2020-21, the final allotment to BRO under MoD (Civil) was ₹ 6935.25 crore and the expenditure upto November, 2020 was ₹ 4,339.66 crore. For 2021-22, the BE allocation is ₹ 6,004 crore under MoD (Civil).

2.5 The details of Capital and Revenue budget allocation and expenditure for the last five years are given below:-

(₹ in crore)

Year	Agency	Capital Budget		Revenue Budget		Total Allotment	Total Expenditure
		Allotment	Expenditure	Allotment	Expenditure		
2017-18	MoD (Misc)	2708.46	2774.47	1472.23	1465.09	4180.69	4239.56
	MoRT&H	185.00	183.11	135.00	134.79	320.00	317.90
	MEA	0.00	0.00	49.75	49.75	49.75	49.75
	MHA	82.15	81.97	1.00	1.00	83.15	82.97
	MoD	708.90	708.53	17.53	17.13	726.43	725.67
	Others & Deposit	96.55	41.85	0.00	0.00	96.55	41.85
	<b>Total</b>	<b>3781.06</b>	<b>3789.94</b>	<b>1675.51</b>	<b>1667.76</b>	<b>5456.57</b>	<b>5457.70</b>
2018-19	MoD (Misc)	2028.50	2120.43	2832.27	3240.39	4860.77	5360.82
	MoRT&H	270.00	248.10	115.00	114.44	385.00	362.54
	MEA	0.00	0.00	42.33	42.33	42.33	42.33
	MHA	182.22	182.36	1.56	1.56	183.78	183.92
	MoD	683.23	683.05	8.98	8.63	692.21	691.68
	Others & Deposit	117.72	64.56	0.00	0.00	117.72	64.56
	<b>Total</b>	<b>3281.67</b>	<b>3298.50</b>	<b>3000.14</b>	<b>3407.35</b>	<b>6281.81</b>	<b>6705.85</b>
2019-20	MoD (civil)	2356.00	2343.44	3393.16	3515.68	5749.16	5859.12
	MoRT&H	415.92	408.71	142.00	146.40	557.92	555.11
	MEA	0.00	0.00	26.82	23.87	26.82	23.87
	MHA	188.82	191.86	2.30	2.36	191.12	194.22
	MoD	989.96	990.82	13.35	12.17	1003.31	1002.99
	Others & Deposit	46.90	101.77	0.00	0.00	46.90	101.77
	<b>Total</b>	<b>3997.60</b>	<b>4036.60</b>	<b>3577.63</b>	<b>3700.48</b>	<b>7575.23</b>	<b>7737.08</b>
2020-21 (as on Nov 2020)	MoD (civil)	3100.00	1911.51	3686.23	2428.15	6786.23	4339.66
	MoRT&H	642.46	372.56	220.00	152.17	862.46	524.73
	MEA	0.00	0.00	23.23	0.89	23.23	0.89
	MHA	163.00	72.38	2.00	1.00	165.00	73.38
	MoD	993.00	557.78	10.43	4.10	1003.43	561.88
	Others & Deposit	86.50	53.97	0.00	0.00	86.50	53.97
	<b>Total</b>	<b>4984.96</b>	<b>2968.20</b>	<b>3941.89</b>	<b>2586.31</b>	<b>8926.85</b>	<b>5554.51</b>
2021- 22	MoD (civil)	<b>2500.00</b>	-	<b>3504.00</b>		<b>6004.00</b>	-
	Other Ministries	<b>Not yet allocated</b>					

### **Additional allocation sought by BRO**

2.6 The details of additional allocation sought by BRO from Ministry of Finance during the last five years were provided to the Committee which are given below:-

(₹ in crore)

Year	BE allocation	Demand for 1 <sup>st</sup> batch of supplementary	Demand for 2 <sup>nd</sup> batch of supplementary	Final allocation	Additional fund allocated with reference to BE allocation
2016-17	3526.00	1420.00	2433.27	3790.87	264.87
2017-18	4168.20	2309.11	181.00	4180.69	12.49
2018-19	4426.16	-	1162.84	4860.77	434.61
2019-20	5234.22	731.78	-	5688.91	454.69
2020-21	5586.23	2408.77	525.00	6935.25	1349.02

2.7 The Ministry was asked to state the areas where compromises have been made or likely to be made due to reduced budgetary allocation against the projections made by the BRO. In a written note, the Ministry apprised the Committee as under:

“After the transfer of BRO from Ministry of Road Transport and Highways (MoRT&H) to MoD since 2015, there has been a gradual increase in allocation of funds to BRO as mentioned below:-

Year	Allocation (in crore)
2017-18	4180.69
2018-19	4860.77
2019-20	5749.16
2020-21	6935.25

Further, in order to increase the pace of expenditure and BRO's absorption capacity the following steps have been taken:-

- (a) Guidelines for preparation of Annual Works Plan (AWP) and Annual Procedure Plan (APP): In order to prioritize the Annual Works Plan and to make it more realistic with reference to the budget availability, new policy guidelines for preparation of AWP and APP have been issued.

- (b) Enhanced Delegation of Administrative and Financial Powers: The main objective of enhanced delegation of powers right upto the level of Chief Engineer and Task Force Commander is to bring transformational changes in the organization in order to improve the pace of execution of works to meet the requirement of the Armed Forces and to avoid delays on account of references between the Chief Engineer and HQ DGBR and also between HQ DGBR and MoD.
- (c) Engineering Procurement & Construction (EPC) Mode of execution: In order to enhance the capacity of BRO and to ensure the completion of various roads projects in the border areas as per the requirement of the Army, guidelines for adoption of EPC mode of execution have been issued by the Ministry so that BRO is able to outsource road projects to big companies.
- (d) Delinking of salary of BRO personnel from works has been approved.”

**Required and existing number of equipment with BRO**

2.8 The details of requirement and existing equipment of BRO for the last five years are given below:-

Type of Equipment	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21	
	Requirement	Held	Requirement	Held	Requirement	Held	Requirement	Held	Requirement	Held
Dozer-II Equivalent	1702	1394	795	1261	1278	1230	1457	1317	1763	1358
Road Roller	1215	984	543	737	595	813	557	807	535	774
Hot Mix Plant	166	104	82	100	84	117	84	113	170	107
Wet Mix Plant	66	36	28	38	18	39	16	38	12	37
Paver Finisher	230	155	108	150	103	151	102	146	178	154
Tippers	9913	4178	4561	3978	6348	4912	5266	4964	4475	4366



2.9 When asked to delineate the steps taken to fill the gap between required and existing equipment with BRO, the Ministry replied as under:

“The steps taken to fill the gap are mentioned below:

- (i) Based on the actual requirement an Annual Procurement Plan (APP) amounting to ₹ 264.45 crore has been approved for FY 2020-21. The status of procurement of critical equipment is given as below:-

Type of Equipment	FY 2020-21		Qty approved for procurement in APP 2020-21 (in Nos)	Supply order placed/ Procured
	Requirement	Held		
Dozer-size II Equivalent	1763	1358	184	184
Hot mix Plant	170	107	6	6
Tipplers	4475	4366	108	108

- (ii) In order to induct the latest Vehicle/Equipment/Plant (V/E/P) in BRO, enhanced delegation of powers for procurement of both indigenous and foreign construction equipment costing up to ₹ 100 crore has been accorded to DGBR.
- (ii) Policy guidelines for preparation of Annual Works Plan (AWP) and Annual Procurement Plan (APP) with reference to budget allocation to BRO has been issued vide this office letter dated 19 June, 2017, so that the planning of works and the requirement of resources i.e. the size of APP is more realistic. As a result, there has been a consistent reduction in the gap between requirement and holding with reference to critical construction equipment which has led to improvement in the progress of works. Efforts are underway to bridge the gaps as far and quick as feasible.”

2.10 When asked whether equipment being used by BRO are indigenously manufactured, DG BRO apprised the Committee as under:

“जो जीआरएसई का हमने आपको ब्रिज दिखाया, जो अभी तीन दिन पहले हमने डोकाला फ्लैग हिल पर लॉच किया है, वह पूरा भारत में ही बनाया गया है।”

## Construction of Roads by BRO

2.11 In regard to construction of roads by BRO in difficult and rough terrain, the Ministry of Defence in a written reply stated as under:

“In order to concentrate simultaneously on the Northern and North-Eastern Borders and for the holistic development of roads in border areas, a five year (2018-23) Long Term Roll on Works Plan (LTRoWP) has been approved for the construction/improvement for 272 roads of length 14269.31 km, 4 Ditch cum Bund (DCB) of length 353.22 km and 4 bridges. As such there is no specific definition for border roads and all roads strategically important approaching to border and approved in the LTRoWP may be considered for border roads.

The state wise details are given below:-

S/No	State/UT	Nos of roads	Length (in km)	Remarks
a	Arunachal Pradesh	64	3238.89	(including 1 Bridge)
b	Himachal Pradesh	07	567.64	
c	UT of Jammu & Kashmir	61	2270.05	(including 2 DCB of length 139.87km)
d	UT of Ladakh	43	3102.95	(including 1 Bridge)
e	Manipur	09	520.61	
f	Nagaland	02	251.25	
g	Uttarakhand	24	936.55	
h	Andaman & Nicobar	01	23.94	
i	Bhutan	08	550.99	
j	Mizoram	08	589.63	
k	Punjab	06	250.13	(including 2 Bridge and 2 DCB of length 213.35 km)
l	Rajasthan	23	1630.04	
m	Sikkim	21	625.66	
n	West Bengal	03	64.20	
<b>Total</b>		<b>280</b>	<b>14622.53</b>	

### **Status of Roads in Difficult Areas like Uttarakhand, J&K, Ladakh and North East region**

2.12 The Committee have been informed that out of the 280 roads of length 14622.53 km, identified by the Army for construction/improvement, 24 roads of length 936.55 km are in the State of Uttarakhand, 61 roads of length 2270.05 km are in UT of J&K, 43 roads of length 3102.95 km are in UT of Ladakh and 104 roads of length 5226.03 km are in the North Eastern Region (excluding roads in Bhutan). The status of roads in difficult areas is as under:

<b>State/UT</b>	<b>Nos of roads</b>	<b>Length (in Km)</b>	<b>Work completed (in Km)</b>
UT of J&K	61	2270.05	661.81
UT of Ladakh	43	3102.95	1872.00
Uttarakhand	24	936.55	334.09
NE Region	104	5226.03	2205.45
<b>Total</b>	<b>232</b>	<b>11535.58</b>	<b>5073.35</b>

### **Status of Indo-China Border Roads (ICBRs)**

2.13 The Ministry of Defence submitted the status of ICBRs in a written reply to Committee, which is as under:-

<b>State/UT</b>	<b>Nos of roads</b>	<b>Length*(Km)</b>	<b>Length (km)</b>	
			<b>Completed</b>	<b>Under construction</b>
Arunachal Pradesh	27	1725.46	1371.31	323.64
Himachal Pradesh	5	116.99	115.63	Nil
UT of Ladakh	12	1064.14	919.13	145.01
Uttarakhand	14	355.00	159.30	193.46
Sikkim	3	61.98	46.68	15.30
	<b>61</b>	<b>3323.57</b>	<b>2612.05</b>	<b>677.41</b>

## **Challenges faced in execution of projects and difficulties in maintenance of roads**

2.14 In response to a query of the Committee, the Ministry enumerated following reasons for certain delays in execution of road projects:-

- (a) Due to natural disaster resources are diverted
- (b) Hard rock stretches
- (c) Limited working season
- (d) Difficulties in availability of construction material
- (e) Delay in Forest/Wildlife clearance
- (f) Delay in land acquisition
- (g) Poor performance of contractors
- (h) Non availability of local labour

2.15 The Ministry also submitted that issues related to land acquisition, forest/wildlife clearance and lack of quarries etc. are some of the impediments for the smooth progress of works. In order to resolve these issues the State Governments of Sikkim, Arunachal Pradesh, J&K, Himachal Pradesh and Tripura have constituted the Empowered Committee.

2.16 When asked to enumerate the difficulties faced by BRO in maintenance of existing roads, the Ministry submitted as under:

- “(a) Adverse and harsh climatic conditions.
- (b) Non availability of sufficient labour.
- (c) Limited working season.
- (d) Repeated damages due to landslides, natural calamities i.e. flash floods and cloud burst.
- (e) Non allocation of stone/sand quarries by the State Governments.
- (f) Weak geological strata especially in North Eastern region causing sinking/formation breaches.
- (g) Due to insurgency affected areas.

In order to facilitate the maintenance of existing roads, DGBR has been delegated powers to fix/revise the rates for maintenance and snow clearance grants for roads entrusted to BRO for maintenance and outsource maintenance of roads.”

## **Reforms and Initiatives**

2.17 During their Power Point Presentation before the Committee, the Ministry of Defence submitted that following reforms and initiatives are being undertaken in BRO:

- Enhanced allocation of ₹ 1,200 crore during 2020-21.
- Enhancement Delegation of Administrative & Financial Powers in BRO.
- Adoption of DPR methodology and EPC mode of execution.
  - 3 projects of length 94 Km under progress.
  - 8 Projects of length 159 Km, technical evaluation under progress.
- Delinking of pay and allowances of BRO incumbents from works.
- Enhanced Ex/Gratia payment from ₹ 2 Lakh to ₹ 5 lakh.
- Authorisation of Extra Cold Climate (ECC) Clothing.
- Additional sanction for snow clearance equipment.
- Induction of Modern Plant and Equipment.
- Use of latest Technology and construction material.
- Enhanced availability of Air effort with induction of Chinook Helicopters.

## **Manpower**

2.18 The Ministry submitted the following information with regard to the authorized and existing force level of BRO:-

<b>Authorized force level</b>			<b>Existing force level</b>		
<b>Officers</b>	<b>Subordinates</b>	<b>Total</b>	<b>Officers</b>	<b>Subordinates</b>	<b>Total</b>
2426	39174	41600	1324	31481	32805

2.19 When asked to specify as to what measures are being taken/contemplated to address the shortage, if any, in manpower, the Ministry of Defence replied as under:

“Due to the change in construction philosophy from departmental construction to EPC mode of execution against the authorization of 41600 posts, 9082 posts are required to be rationalized pertaining to 11 non-core positions in a phased manner.

Further, BRO has taken the following measures to fill the vacancies as mentioned below:-

(a) 1279 vacancies have been advertised for recruitment. Out of which 489 personnel have been inducted and for the remaining, the recruitment is under process at General Reserve Engineer Force (GREF) Centre, Pune.

(b) Requisition for 2367 vacancies has been placed to Staff Selection Commission (SSC). Out of which 281 personnel have been inducted and for remaining the recruitment process is under process.”

2.20 To a query of the Committee regarding cadre structure in BRO, DG BRO during evidence submitted as under:

“इसमें एक पूरा मैथमैटिक्स है मतलब उसमें कोई नीड बेस नहीं है। क्लास सी और बी, जो सबऑर्डिनेट स्टाफ है, वह पूरा काडर से आता है और जो आफिसर लेवल पर है, वह 50:50 परसेंट है। आर्मी से 50 परसेंट और ग्रेफ के काडर से 50 परसेंट।”

2.21 Further, when asked about existing mechanism of training of manpower of BRO, DG BRO replied:

“ट्रेनिंग का हमारा संस्थान है, जिसे ग्रेफ सेंटर बोलते हैं, वह पूना में है । वहाँ उनको ट्रेड किया जाता है, जब वे इंडक्ट होते हैं और उसके बाद में रिपीटिड कोर्सेज होते हैं, अलग अलग-सर्विस लेवल्स पर, जिसमें उनके कोर्सेज कैप्सूल्स होते हैं, उसमें उनको आगे ज्ञान दिया जाता है।”

### **Public Private Participation Model in BRO**

2.22 To a specific query of the Committee that whether construction was being outsourced by BRO in some regions, the Ministry replied in affirmative and informed as under:

“In order to enhance the capacity of BRO and to ensure the completion of various roads projects in the border areas as per the requirement of the Army, BRO has been mandated to outsource construction of road projects costing more than ₹ 100 crore through EPC mode of contract. The details of road projects outsourced by BRO are given below:-

- (i) Three projects of length 94.09 km amounting to ₹ 1052.69 crore are outsourced and work is in progress.

(ii) Work has been awarded for one project of length 55.52 km amounting to ₹ 477.75 crore and work is likely to commence.

(iii) Tendering process for 8 Projects of length 159.50 km amounting to ₹ 1810.57 crore is under progress.”

2.23 During oral evidence of the representatives of the MoD, the Committee enquired whether private participation has been initiated in BRO. In this regard, the DG BRO intimated:

“सर, शेकटकर कमेटी की रिक्मंडेशन यह थी कि 100 करोड़ के ऊपर के कार्य ईपीसी द्वारा किए जाएं । पहले सारे काम बीआरओ डिपार्टमेंटली करता था। उसका निर्णय हो गया है और बहुत सारे प्रोजेक्ट, 100 करोड़ रुपये से ऊपर के सारे के सारे प्रोजेक्ट्स अब ईपीसी द्वारा किए जा रहे हैं, जिससे इनकी ज्यादा काम करने की क्षमता बढ़ गई है।”

### **BRO in Coastal Areas**

2.24 Regarding construction of Border Roads in Coastal areas of the country, DG BRO during evidence stated:

“बहुत पहले हमने गोवा और कोंकणी इलाके में रोड बनाई थी, जब बॉर्डर रोड आर्गनाइजेशन शुरू हुआ था, लेकिन अभी क्योंकि हमारा बॉर्डर्स पर काम बहुत ज्यादा है, तो कोस्टल एरियाज के लिए तो एक बहुत बड़ा डिसिजन है कि हमें वहाँ पर डिप्लॉई किया जाए।”

2.25 In this regard, the Defence Secretary supplemented as under:

“सर, जो रोड का सिलेक्शन होता है, वह आर्मी की या जो भी हमारी सिक्योरिटी फोर्सज हैं, उनके थ्रेट असेसमेंट के बेसिस पर होता है और उसको हम प्राथमिकता के आधार पर करते हैं । जैसे उन्होंने दिखाया कि 61 रोड, आईसीबीआर रोड आर्मी ने बताया था कि उनके ऑपरेशनल प्रोस्पेक्टिव से महत्वपूर्ण हैं तो वे 61 रोड हमने लीं। जो ऑपरेशनल प्लान आर्मी हमें बना कर देती है, उसके तहत हम रोड बनाते हैं।”

## CHAPTER III

### INDIAN COAST GUARD

The Committee have learnt that Indian Coast Guard (ICG) came into existence on February 1, 1977 with two frigates and five patrol boats transferred from the Indian Navy and was formally instituted on August 19, 1978. Since its inception, the service has acquired a wide range of capabilities, both surface and airborne, to undertake the assigned tasks during peace time and to supplement the efforts of the Indian Navy.

3.2 The Command and Control of Coast Guard organization lies with the Director General Indian Coast Guard (DG, ICG), New Delhi. The organization has 5 Regional Headquarters located at Gandhinagar, Mumbai, Chennai, Kolkata and Port Blair which have been further sub-divided into 16 Coast Guard Districts HQs covering the entire coastline of India. There are 42 Coast Guard Stations, 10 Coast Guard Air Stations and Air Enclave for undertaking effective deployment of ships and airborne operations.

3.3 The duties and functions of Indian Coast Guard are as follows:

- ‘(a) Ensuring the safety and protection of the artificial islands, offshore terminals, installation and other structures and devices in any maritime zone.
- (b) Provide protection to the fishermen including assistance to them at sea while in distress.
- (c) Taking such measures as are necessary to preserve and protect the Marine Environment and to prevent and control marine pollution.
- (d) Assisting the Customs and other authorities in Anti-Smuggling Operations.
- (e) Enforcing the provision of such enactments as are for the time being in force in the maritime zones; and
- (f) Such other matter, including measures for the safety of life and property at sea and collection of scientific data, as may be prescribed.’

3.4 The Committee have found that Indian Coast Guard has also been assigned the additional duties and responsibilities such as:

- ‘(i) Coastal Security in Territorial Waters
- (ii) Enforcement, monitoring and surveillance of Deep Sea Fishing vessels
- (iii) Maritime Search and Rescue



- (iv) Marine oil-spill response measures
- (v) Lead Intelligence Agency for coastal and sea borders
- (vi) Competent National Authority and National Operational contact point for implementation of “Regional Oil Spill Contingency Plan”, under South Asia Cooperative environment Programme (SACEP)’

**Force Level**

3.5 On a query of the Committee, the Ministry of Defence, in a written submission, apprised the Committee of the existing force level as under:

‘The Indian Coast Guard envisages a force level of 200 ships/boats and 100 aircraft by the year 2025.

The existing force levels of Indian Coast Guard is as tabulated below:

S.N	Details	Year			Remarks
		2009	2015	2021	
(i)	Ships	61	104	156*	42 ships decommissioned since 2009
(ii)	Aircraft	47	62	62**	-
(iii)	Stations	21	42	42	-
(iv)	Main Armament	29	55	73***	The main armament includes 76 mm SRGM, 40/60 and 30 mm CRN-91

\* 04 ships are under construction. 04 shipbuilding projects out of total 06 are nearing completion.

\*\* 16 Advanced Light Helicopters ex-HAL are planned for delivery by Sep 2021.

\*\*\* Armament induction forms part of ship/aircraft induction.’

3.6 As per submission of the Ministry of Defence, the acquisition process to build up the planned force level is progressing satisfactorily. Following projects will facilitate timely materialization of targeted force levels:

“The acquisition process to build up the planned force level is a long drawn process. However, it is the endeavour of ICG to replace decommissioned ships well in time to maintain force level and connectivity to accretion to the fleet to enhance the capability.

Following projects will facilitate timely materialization of targeted force levels:

- (i) 04 ships are under construction. 04 shipbuilding projects out of total 06 are nearing completion.
- (ii) 12 ACV project (06 for ICG & 06 for IA) to replace 06 aging ACV is in progress.
- (iii) 16 Advanced Light Helicopters are scheduled for delivery by September 2021.
- (iv) Proposal for 06 MMMA (Multi Mission Maritime Aircraft) is in progress for revalidation of AoN by DAC.
- (v) AON for 14 Twin Engine Heavy Helicopters has been accorded by the Govt. Evaluation of technical bids is under progress.'

2. The following measures have been institutionalized to increase the manpower of ICG:

- '(i) Re-employment of Indian Navy SSC officers in the rank of Comdt(JG).
- (ii) Re-employment of Law officers from Army.
- (iii) Short term deputation has been resorted to, against vacant billets of GD officer/ Pilots/ Engineers branch officers of IN/ Army/ IAF.
- (iv) Induction of Commercial Pilot License (CPL) holders as pilots under Short Service Appointee (SSA) scheme.
- (v) Regular recruitment of officers is undertaken as per available vacancies respective cadre and as per availability in Indian Navy training establishments.
- (vi) The rate of recruitment of Enrolled Personnel in ICG depends upon the allocation of training vacancies by Indian Navy for B&D training at INS Chilka and downstream professional training at various IN training schools. Constant liaison is being maintained with Indian Navy at various inter-service forums to ensure allocation of higher number of training vacancies by Indian Navy towards the mitigation of shortage w.r.t. Govt Sanction.
- (vii) Efforts have been undertaken to mitigate shortages of specific trades like Service MTDs through deputation from Indian Army/ Indian Air Force.
- (viii) The shortage in civilian personnel is mainly due to non-filling of posts under deputation quota view non-receipt of application of suitable/ eligible candidates and also due to unwillingness of direct recruit candidates to join at various remote CG Stations/ units. Efforts are being taken to fill up the vacant posts as per the mode of recruitment specified in relevant Recruitment Rules (RRs) viz promotion, deputation, direct recruitment through SSC and recruitment through Employment Exchange procedure."

### **Budget 2020-21 and 2021-22**

3.7 During evidence before the Committee, a representative of the Indian Coast Guard Organisation furnished following information regarding budget for the Financial Year 2020-21 and 2021-22 through Power Point Presentation:

(₹ in crore)

<b>FY</b>	<b>BE ALLOCATION</b>	<b>RE REQUIREMENT</b>	<b>RE ALLOCATION</b>	<b>SHORTFALL</b>
<b>FY 2020-21</b>				
Revenue (Sal)	1032.76	1140.00	1032.76	555.08 (18.58%)
Revenue (Non Sal)	1500.00	1847.84	1400.00	
Capital	2500.00	3100.00	2500.00	600.00 (19.35%)
<b>Total</b>	<b>5032.76</b>	<b>6087.34</b>	<b>4932.76</b>	<b>1155.08</b> <b>(18.97%)</b>
<b>FY 2021-22 (Indicative)</b>				
Revenue (Sal)	1094.72	Minimum 500 Cr increase in Non-Salary Revenue allocation in BE 2021-22 to clear carry forward liabilities and to cater for growth		
Revenue (Non Sal)	1500.00			
Capital	2650.00			
<b>Total</b>	<b>5244.72</b>			

3.8 The details regarding the projections made by the Coast Guard, allocations made at BE, RE and actual during the last six years and the current year are as follows:

(₹ in crore)

<b>Year</b>	<b>Head</b>	<b>BE Projection</b>	<b>BE Allocation</b>	<b>RE Projection</b>	<b>RE Allocation</b>	<b>MA Allocation</b>	<b>Actual Exp</b>
2015-16	Capital	2050.0000	1500.0000	2460.0000	1500.0000	1500.0000	1516.8383
	Revenue	1642.8640	1514.0000	1625.7790	1514.0000	1547.6100	1517.1800
	<b>Total</b>	<b>3692.8640</b>	<b>3014.0000</b>	<b>4085.7790</b>	<b>3014.0000</b>	<b>3047.6100</b>	<b>3034.0200</b>
2016-17	Capital	3990.0000	2500.0000	3005.0000	2500.0000	2500.0000	2468.9700
	Revenue	1798.5800	1624.4100	2085.9894	1737.7600	1769.1700	1773.2500
	<b>Total</b>	<b>5788.5800</b>	<b>4124.4100</b>	<b>5090.9894</b>	<b>4237.7600</b>	<b>4269.1700</b>	<b>4242.2200</b>
2017-18	Capital	4805.0000	2200.0000	4150.0000	2200.0000	2200.0000	2178.5900
	Revenue	2214.5530	1829.7900	2314.2700	2148.9700	2148.9700	2155.5100
	<b>Total</b>	<b>7019.5530</b>	<b>4029.7900</b>	<b>6464.2700</b>	<b>4348.9700</b>	<b>4348.9700</b>	<b>4334.1100</b>
2018-19	Capital	4950.0000	2700.0000	3555.0000	2250.0000	2262.1600	2260.4900
	Revenue	2408.4145	2091.4200	2625.0200	2391.4200	2401.5300	2451.1400
	<b>Total</b>	<b>7358.4145</b>	<b>4791.4200</b>	<b>6180.0200</b>	<b>4641.4200</b>	<b>4663.6900</b>	<b>4711.6300</b>

2019-20	Capital	5830.0000	2500.0000	3630.0000	2600.0000	2600.0000	2587.4991
	Revenue	2758.9000	2385.2700	2955.9400	2476.0700	2520.0700	2539.3074
	<b>Total</b>	<b>8588.9000</b>	4885.2700	<b>6585.9400</b>	<b>5076.0700</b>	<b>5120.0700</b>	<b>5126.8065</b>
2020-21	Capital	5350.0000	2500.0000	3100.0000			
	Revenue	3246.0300	2532.7600	2987.8359			
	<b>Total</b>	<b>8596.0300</b>	<b>5032.7600</b>	<b>6087.8359</b>			
2021-22	Capital	3200.0000	<b>2650.0000</b>				
	Revenue	3200.0000	<b>2594.7200</b>				
	<b>Total</b>	<b>6400.0000</b>	<b>5244.7200</b>				

### CAPITAL HEAD

(₹ in crore)

Year	Head	BE Projection	BE Allocation	RE Projection	RE Allocation	MA Allocation	Actual Exp
2015-16	Capital	2050.0000	1500.0000	2460.0000	1500.0000	1500.0000	1516.8383
2016-17	Capital	3990.0000	2500.0000	3005.0000	2500.0000	2500.0000	2468.9700
2017-18	Capital	4805.0000	2200.0000	4150.0000	2200.0000	2200.0000	2178.5900
2018-19	Capital	4950.0000	2700.0000	3555.0000	2250.0000	2262.1600	2260.4900
2019-20	Capital	5830.0000	2500.0000	3630.0000	2600.0000	2600.0000	2587.4991
2020-21	Capital	5350.0000	2500.0000	3100.0000			
2021-22	Capital	3200.0000	2650.0000				

### REVENUE HEAD

(₹ in crore)

Year	Head	BE Projection	BE Allocation	RE Projection	RE Allocation	MA Allocation	Actual Exp
2015-16	Revenue	1642.8640	1514.0000	1625.7790	1514.0000	1547.6100	1517.1800
2016-17	Revenue	1798.5800	1624.4100	2085.9894	1737.7600	1769.1700	1773.2500
2017-18	Revenue	2214.5530	1829.7900	2314.2700	2148.9700	2148.9700	2155.5100
2018-19	Revenue	2408.4145	2091.4200	2625.0200	2391.4200	2401.5300	2451.1400
2019-20	Revenue	2758.9000	2385.2700	2955.9400	2476.0700	2520.0700	2539.3074
2020-21	Revenue	3246.0300	2532.7600	2987.8359			
2021-22	Revenue	3200.0000	2594.7200				

3.9 A representative of the Ministry of Defence on the issue of budget allocation to Coast Guard, deposed as under:

“सर, आपके सामने हम यह पेश करना चाहेंगे कि अभी जो डी.जी., कोस्ट गार्ड ने कहा, वह सही है, that allocation in the non-salary revenue is lower than the BE of 2020-2021. At the same time, we have also to see that the Capital Budget head

has increased from ₹ 2,500 to ₹ 2,650. जैसा उन्होंने अभी कहा कि उन्हें प्रायोरिटाइज़ करना पड़ेगा, and as the year progresses. अगर हमें उनकी और रिक्वायरमेंट होगी, then we can always go back to the Ministry of Finance for additional allocation. This we always do. So, we will request the MoF for additional allocation as and when required.”

### **Challenges and Constraints**

3.10 When the Ministry was asked about the measures taken to upgrade the infrastructure considering India's coastline and adverse topography, it was submitted as under:

“The acquisition of land at various stations is governed by availability and suitability. Due to specific requirements of service, the location of the land close to the operational assets/coastline is the prime consideration. At times it is difficult to find suitable single pocket of land as per authorisation meeting the ICG requirements. Therefore, the proposals of the land acquisition are largely dependent on availability of suitable and adequate land at particular station.

2. Development of infrastructure being vital facet for ICG, adequate emphasis is accorded to augment the infrastructure. As on date, ICG is holding 2573 acres of land against the authorisation of 4242 acres of land. Consistent efforts are in hand to make good the deficiency of land. Over the last ten years there has been threefold (275%) increase in overall land holding of ICG.

3. The civil works are being progressed through MES and CPWD expeditiously to mitigate the deficiency of Other Than Married (OTM) accommodation/married accommodation. Over the last five years there is a quantum increase in allotment and ceiling utilization of funds against civil works. As against the authorisation of 11028, the accommodation held is 3523 and under construction is 5845 Dwelling Units. Therefore, the deficiency has been reduced to a mere 15%. With the raising of dedicated Chief Engineer for Indian Coast Guard in 2018, the situation has shown improvement.

4. In places, where ICG infrastructure is not available, the requisite infrastructure and allied facilities are also hired on upfront basis or annual lease rent as per the terms of offer by the concerned agency. Once ICG infrastructure is developed, the facilities are de-hired. Short duration hiring is also resorted to meet operational requirements.

5. ICG units are maintaining constant liaison with State Govt/Airports/Sea Ports to obtain suitable offer towards acquisition/leasing of assets. The cases are being pursued vigorously at all levels for accord of early approval. In most of the land acquisition cases, possession of land is taking time due to pending implementation of new LA Act 2013 necessitating re-valuation of the land.”

3.11 Regarding constraints and challenges faced by the Coast Guard Organisation, the Ministry apprised the Committee as under:

“The support of the Government has ensured due progress of the organisation. The continued support in terms of incremental increase in manpower to meet the enhanced charter and duties bestowed on the organisation and proportionate allocation of funds are solicited.

As a long term measure, Government sanctions for operational and technical infrastructure, as planned, is a critical support that Indian Coast Guard may need to be provided with.”

## CHAPTER IV

### DEFENCE ESTATES ORGANISATION

The Committee have learnt that the Director General is the Head of the Defence Estates Organization. This organization is responsible for maintaining land records regarding ownership/title of defence land. It defends all title suits pertaining to defence lands. It also acquires land for Ministry of Defence through the State Government concerned. Land required temporarily is hired or requisitioned by this organization. It also disposes trees and other usufructs on the defence land. It also looks after the administration of notified Cantonments. These functions are carried out through Directorates, Defence Estates Officers (DEO) and Chief Executive Officers (CEO) in the Cantonment Boards.

#### **Administration of Cantonments**

4.2 Section 3 (1) of Cantonments Act, 2006 describes Cantonment as a place or places, declared by the Central Government by notification in an official Gazette, in which any part of the Forces is quartered or which, being in the vicinity of such place or places, is or are required for service of such forces. Cantonments came to be established during British period for quartering of troops and civil population too was given lands on lease/grants within Cantonments and thus civil population came to reside in Cantonments.

4.3 Presently there are 62 Cantonments in the country. The population in these Cantonments as per 2011 Census is 20,91,734.

4.4 The salient features of a Cantonment are as under:

- Land ownership of the Govt.  
Most of the land in the Cantonments is owned by the Government of India, Ministry of Defence. A part of this land has been given on grants and leases. In certain Cantonments, there is private land also, besides land owned by State Governments & other Central Government departments.
- Troops centric—health, hygiene, welfare and sanitation has predominance.  
The welfare, health and hygiene of forces residing within a cantonment is of primary concern. The military authorities exercise certain powers in this regard under the Cantonments Act, 2006.

- Modified democratic set-up requiring harmonious blending of the interests of the troops and civil population of the Cantonments.

The Cantonments Act, 2006 addresses the concerns of civil population as well as the troops.

4.5 Constitution of Boards: A Cantonment Board is constituted for every Cantonment under section 3 of the Cantonments Act, 2006. It is a 'body corporate' functioning under the overall control of the Central Government in the Ministry of Defence. Parity is maintained between elected and official members in the Board. Station Commander is the President of the Cantonment Board. Supervision and control over the working of Cantonment Boards are exercised through the General Officer Commanding-in-Chief/Principal Director Defence Estates of the Command at the intermediate level and by the Central Government through the Director General, Defence Estates (DGDE/Ministry of Defence) at the apex level. Principal Directors, Defence Estates report to the Director General, Defence Estates. At the Board level, the Chief Executive Officer performs the duties of Member -Secretary of the Board.

4.6. Cantonment Boards, under the provisions of sub-section (2) of section 10 of the Cantonments Act, 2006, are deemed municipalities under clause (e) of Article 243P of the Constitution, for the purposes of receiving grants and allocations; and implementing Central Government schemes relating to development of infrastructure and social welfare.

4.7 Elections: Elections to Cantonment Boards are held on expiry of the term of elected members. The term of elected members is five years. In exercise of the powers conferred by Section 31 of the Cantonments Act, 2006, the Central Government has framed rules called the Cantonment Electoral Rules, 2007 for conduct of elections.

#### **Financial base of Cantonment Boards:**

4.8 Cantonment Boards have powers to raise resources through taxation, fees, lease rent in respect of lands under their management and rentals in respect of properties belonging to and vested in the Board. Under Section 66 of the Cantonments Act, 2006, a Cantonment Board shall, with the previous approval of the Central Government, impose property tax and tax on trades, profession callings and employments. In addition to these taxes, Board may, with the previous approval of the Central Government impose any other tax also which may be levied by a municipality in the State in which the Cantonment is situated. The main sources of income of a Cantonment Board are local taxes such as



house tax, conservancy tax, water tax, lighting tax, trade and profession tax, Service Charges and vehicle entry fee etc. Expenditure is mostly on establishment and contingencies connected with rendering various civic services including maintenance of hospitals/dispensaries and schools.

4.9 Service Charges: Since properties of the Union are exempt from property tax, the Government of India decided to pay “service charges” to local bodies in respect of Central Government properties falling within municipal limits, at rates ranging from 33-1/3% to 75% of the property tax payable to compensate the loss of normal income of local bodies. Though such payments were being made to municipalities, Cantonment Boards were earlier not being so paid. In 1982, the Ministry of Defence agreed to pay service charges to Cantonment Boards. The rate of payment, however, was kept at the lowest slab of 33-1/3% of the property tax leviable. In the revised Cantonments Act of 2006 a provision for payment of service charges to Cantonment Boards has been added under section 109, thereby providing a statutory cover to it. Thus, from 1983-84, Cantonment Boards have become eligible for receiving service charges in lieu of property tax in respect of the Central Govt properties situated within Cantonments. However, due to financial constraints only a part of the amount due to be paid to the Cantonment Boards could be released.

4.10 Grant-in-Aid: The Central Government provides financial assistance to Cantonment Boards in the form of ordinary Grant-in-Aid to balance their budgets. During 2020-21, 56 Cantonment Boards out of 62 received Grant-in-Aid from the Central Government.

4.11 Creation of Capital Assets: Apart from ordinary grant-in-aid, grants for creation of capital assets like, under-ground sewerage system, water supply schemes, construction of hospitals and schools etc are also being provided from 2012-13.

4.12 GST: With the introduction of GST many Central and State level taxes are subsumed in GST since 1<sup>st</sup> July 2017. Cantonment Boards also levied certain taxes like Octroi, toll tax, vehicle entry tax, advertisement tax, local body tax etc. For State level taxes which are subsumed in GST, there is a provision for compensation by Central Government for loss of revenue arising on account of implementation of GST for a period of 5 years. However, no such provision seems to have been made to compensate Cantonment Boards also in a similar manner in the central legislation. The projected revenue loss in this regard from 2017 as base year is ₹ 288 crore till completion of FY 2018-19 which is including of ₹ 122.93 crore for 09 months of 2017-18 and ₹ 165.39 crore annually from 01.04.2018. In this regard, MoD vide its D.O. dated 26.09.2019 has also requested MoF to sanction special grant-in-aid as per Cantonment Boards estimated losses of revenue for a period of five years from base year 2017, as being done in the case of municipalities. It is also intimated that Directorate of Local Govt. Punjab, Chandigarh has sanctioned Grant-in-aid, under Punjab Municipal Fund Scheme, to Cantonment Boards Jalandhar and Ferozepur for the

financial year 2019-20 on account of compensation, in lieu of abolition of Octroi, in Cantonment area due to implementation of GST.

4.13 Finance Commission: The 15th Finance Commission, in its report submitted in November 2019, for the year 2020-21, for the first time recommended that the States should make allotment of grants for the Cantonment Boards within their territories. Accordingly, the Cantonment Boards have started receiving the share of Finance Commission grant from the State Governments.

#### **Functioning of Cantonment Boards:**

4.14 Cantonment Boards provide civic services including primary and secondary education, basic health services, water supply, maintenance of roads and drains, parks and gardens & streetlights. Cantonment Boards are running 34 “Centers for differently-abled children”. 36 Skill Development/Vocational Training Centers are also being run by various Cantonment Boards. Cantonment Boards run 196 schools in which about 59000 children are studying. Environment protection measures like tree plantation, enforcing ban on polythene bags etc. have also been taken by the Cantonment Boards.

4.15 **Swachh Bharat Abhiyaan (SBA)**: Under the flagship programme of Government of India, the Swachh Bharat Abhiyaan (SBA), all Cantonment Boards have been taking earnest steps for creating clean and green Cantonment areas. All 62 Cantonments have already been certified by the MoHUA (Ministry of Housing and Urban Affairs) as ODF (Open Defecation Free) areas. The ODF status is also being sustained in all Cantonments. For this, the entire civic infrastructure related to sanitation services was revamped. New sewer lines are being laid, STPs (Sewage Treatment Plants) are being installed (wherever feasible), public toilets are being repaired/constructed, SWM (Solid Waste Management) projects are being undertaken, drains being covered/converted to underground system and intensive cleaning, along with well publicized awareness campaign launched.

#### **‘Digital India’ initiatives in Cantonments**

4.16 Under the “Digital India” initiatives, the Cantonment Boards have been making rapid strides for switching over to digital platforms in various aspects of Cantonment administration. “Samadhan” – an on-line public grievances redressal system has been implemented by all Cantonment Boards to make their administration more responsive to the public. “Suvidha”- a software to address the grievances of the staff has also been installed by the Boards. In e-governance initiatives, Cantonment Boards have been continually automating their office processes. Now, e-tendering and e-procurement are implemented by all Cantonment Boards. Steps are being taken by the Boards to register themselves on the GEM portal for procurement of stores. Scanning and

digitization of important records, particularly land records, and inventorisation of records has been completed. Raksha Bhoomi software for computerization of land records has been installed. Many of the Cantonment Boards have their own web-sites Most of the Boards are already providing e-services to the residents in taxation, birth/death registration, hospital management etc. They have also strengthened e-service delivery by including online property tax payments, water charges payments etc. Common Mobile App. has been operationalized by all Cantonment Boards.

4.17 “e-Chhawani” – Citizen Centric Services by Cantonment Boards: e-Chhawani project has been conceptualised in May 2020 by MoD in association with DGDE, eGov Foundation and BEL with aim to provide online citizen centric municipal services across the 62 Cantonments through a multi-tenant central platform. This project would improve ease of living for about 20 lakh citizens living in Cantonments across the country by provision of services like Public Grievance Redressal, Trade Licences, Making online payments, Lease Renewal etc. through common portal. Till 28/01/2021, more than 8000 citizens have availed online services through unified portal. Mobile application for above services will also be launched in February, 2021. Following citizen centric online services are proposed to be implemented by 30/06/2022.

- Birth & Death Certificates (by April, 2021)
- Water and Sewerage Connection & Collection of dues/charges (by March 2021)
- Property Tax Assessment
- Building Plan Approval
- School Admission process and fee payment
- Hospital/Dispensaries admission process and fee payment
- Allotment/Booking of Marriage Halls, Community Centres, Guest Houses etc.
- Collection of rent

4.18 Revision of Account Code and implementation of ABAS: The Central Government notified the Cantonment Board Account Rules (CBAR), 2020, which became operational w.e.f. 01 Apr 2020, superceding the Cantonment Account Code, 1924. Accordingly, the accounting system in all the Cantonment Boards has moved to IT based Accrual Based Accounting System (ABAS). The system is hosted on NIC server, and enables the Cantonment Boards (and also the Directorates and the DGDE) to access and review the financial status of the Boards on real time basis, plan development functions by assessing the net worth, assets and liabilities, improve tax planning (collection/payments), thereby bringing overall efficiency and transparency in the working of the Boards.

### **Allocation of funds for 2021-22**

4.19 On being asked, a representative of DGDE furnished following information regarding Demands for Grants 2021-22 to the Committee:

(₹ in lakh)

<b>Head</b>	<b>Actual 2019-20</b>	<b>BE 2020-21</b>	<b>RE 2020-21</b>	<b>BE 2021-22</b>
Revenue Head	48606.04	38742	43639	35348
Capital Head	429.80	994	947	1108

4.20 The Committee desired to know whether reduced allocation of funds will impact the activities in Cantonment Boards. During oral evidence, the Defence Secretary, in this regard, submitted as under:

“बिल्कुल सर, उसके लिए दो तीन चीजें हैं। एक- जैसे म्युनिसिपैलिटीज को डायरेक्ट ग्रांट मिलती है, अभी तक कैंटोनमेंट बोर्ड्स को वह नहीं मिलती थी, पहली बार 15वें फाइनेंस कमीशन ने रिकमेंडेशन दी है कि ग्रांट सीधे कैंटोनमेंट बोर्ड को मिलेगी। यह एक बड़ी उपलब्धि है। दूसरे, हम यह भी कोशिश कर रहे हैं कि जैसे स्टेट अपनी म्युनिसिपैलिटीज को पैसा देती हैं, क्योंकि हम भी कुछ फंक्शन्स उनके सिटीजन्स के लिए प्रोवाइड करते हैं, स्टेट गवर्नमेंट्स से बात कर रहे हैं कि वे लोग अपनी म्युनिसिपैलिटीजकी तरह कुछ पैसा कम से कम अपनी स्कीम्स के लिए दें। छः राज्यों ने दे दिया है; बाकी राज्यों के साथ बातचीत चल रही है।”

### **Management of Defence Lands**

4.21 The Defence forces require large areas of land for training, ranges, depots, airfields, quartering, camping, offices etc. for military activities. Ministry of Defence, therefore, owns large tracts of land of approx 17.95 lakh acres, out of which approximately 1.60 lakh acres is situated within the 62 notified Cantonments and about 16.35 lakh acres is outside these Cantonments.

4.22 The Defence Estates Organization is responsible for maintaining land records regarding ownership/title of defence land. It defends all title suits pertaining to defence lands. These functions are carried out through Directorates, Defence Estates, Defence Estates Officers and Chief Executive Officers in the Cantonment Boards.

4.23 Various function of DEO pertaining to Land matter are as under:-

- DGDE helps framing of policies and instructions on all land matters including the following. It also ensures their implementation.
- Resumption of certain class of defence lands with or without buildings situated in Cantonments
- Mutation of Old grant / lease-hold properties.
- Conversion of old grant / lease-hold properties situated in Civil area/Bazar area of Cantt. into freehold.
- Transfer/Disposal of surplus Camping Grounds/Abandoned Air Fields.
- Disposal of usufructs on Defence land
- Reclassification of Land
- Renewal of Leases/Licences
- Grant of fresh leases
- Permission for sanction of building plans on lease-hold properties
- Grant of temporary license for organizing exhibition, etc. on vacant defence land
- Prevention, detection and removal of encroachments
- Licensing of sites for advertisement hoardings on defence lands.

4.24 The Committee have found that as on date, about 4494 acres of defence land is under encroachment, held under the management of Defence Estates Organisation. Out of this, 2201 acres is inside Cantonments and 2293 acres is outside Cantonments. Out of this 4494 acres, about 2059 acres of land is under the unauthorised occupation of ex-agricultural lessees whose leases have already expired, about 787 acres is under unauthorised occupation of State or Central Government authorities and only about 1614 acres of defence land under the management of Defence Estates Department is under encroachments by private persons. State-wise details are given below:

Annexure-D

**State-wise detail of type of encroachments on defence land under the management of  
Defence Estates Organisation as on 30.06.2020**

S.N.	State	No.	Area (in acres)	Encroachment by (from out of columns 3 & 4)								
				State Govt./ its entities		Central Govt./ its entities		Ex-agricultural lessees		Others		
				No.	Area (In acres)	No.	Area (In acres)	No.	Area (In acres)	No.	Area (In acres)	
1	2	3	4	5	6	7	8	9	10	11	12	
1	Andaman & Nicobar Island	0	0	0	0	0	0	0	0	0	0	0
2	Andhra Pradesh	2	12.6000	2	12.6000	0	0	0	0	0	0	0
3	Arunachal Pradesh	0	0	0	0	0	0	0	0	0	0	0
4	Assam	0	0	0	0	0	0	0	0	0	0	0
5	Bihar	1796	471.4312	7	55.1100	0	0	0	0	0	1789	416.3212
6	Chandigarh	0	0	0	0	0	0	0	0	0	0	0
7	Chattisgarh	5	165.7680	1	150.7690	0	0	0	0	0	4	14.9990
8	Delhi	1895	32.9450	0	0	0	0	0	0	0	1895	32.9450
9	Dadar Nagar Haveli	0	0	0	0	0	0	0	0	0	0	0
10	Daman & Diu	0	0	0	0	0	0	0	0	0	0	0
11	Goa	0	0	0	0	0	0	0	0	0	0	0
12	Gujarat	88	3.2113	1	2.8200	0	0	0	0.00	87	0.3913	0
13	Haryana	401	465.0132	47	185.0648	0	0	294	256.4620	60	23.4864	0
14	Himachal Pradesh	86	41.5883	5	17.7010	0	0	5	17.1890	76	6.6983	0
15	Jammu & Kashmir	357	34.1769	1	0.3552	0	0	2	9.3720	354	24.4497	0
16	Jharkhand	2	8.1900	2	8.1900	0	0	0	0	0	0	0.0000
17	Karnataka	282	1.8807	1	0.1200	0	0	0	0	281	1.7607	0
18	Kerala	107	1.9039	3	0.6500	0	0	1	0.0105	103	1.2434	0
19	Lakshadweep	0	0	0	0	0	0	0	0	0	0	0
20	Madhya Pradesh	3430	1357.0311	9	30.3599	0	0	307	1285.8390	3114	40.8322	0
21	Maharashtra	5063	284.4388	30	148.9670	1	3.0000	2	20.0000	5030	112.4718	0
22	Manipur	0	0	0	0	0	0	0	0	0	0	0
23	Meghalaya	7	0.5518	0	0	0	0	0	0	7	0.5518	0
24	Mizoram	0	0	0	0	0	0	0	0	0	0	0
25	Nagaland	0	0	0	0	0	0	0	0	0	0	0
26	Odisha	0	0	0	0	0	0	0	0	0	0	0
27	Punjab	2790	127.8126	22	57.5058	2	28.1500	1	10.0000	2765	32.1568	0
28	Rajasthan	1019	27.5894	8	0.3768	0	0	0	0	1011	27.2126	0
29	Sikkim	0	0	0	0	0	0	0	0	0	0	0
30	Tamil Nadu	2171	38.2248	9	1.1990	0	0	0	0	2162	37.0258	0
31	Telangana	674	60.4318	6	10.2645	0	0.0000	1	1.8000	667	48.3673	0
32	Tripura	0	0	0	0	0	0	0	0	0	0	0
33	Uttar Pradesh	9106	1219.2304	72	66.1640	1	0.6000	80	457.8830	8953	694.5834	0
34	Uttarakhand	276	15.5761	3	5.4500	0	0	0	0	273	10.1261	0
35	West Bengal	444	90.6622	0	0	1	2.0000	0	0	443	88.6622	0
	<b>Total</b>	<b>30001</b>	<b>4460.2575</b>	<b>229</b>	<b>753.6670</b>	<b>5</b>	<b>33.7500</b>	<b>693</b>	<b>2058.5555</b>	<b>29074</b>	<b>1614.2850</b>	

Encroachment by State & Central Govt. Deptt. 787  
Encroachment by Others (Private Persons) 1614  
Encroachment by Ex-agriculture leases 2059  
**Total 4460 acres**

4.25 On a query on checking the encroachment, the Ministry through written replies informed as under:

- (i) "Regular inspection of sites under respective jurisdiction is conducted by the Station Commander, DEO and CEO, as the case may be and they are required to issue annual certificates per rules regarding encroachments that have been taken place and action taken for its removal.
- (ii) Defence land records management system has been strengthened by way of computerization of defence land records held by DEOs and Cantt Boards.
- (iii) Survey, demarcation and verification of all defence land has been undertaken. Survey of defence land is now a continuing process.
- (iv) The process of defence Land Audit has been institutionalized from 2011-12 as a continuing process.
- (v) A Committee has been constituted under the chairmanship of Addl. Secretary to periodically review action taken on removal of encroachments."

4.26 During oral evidence of the representative of the Ministry for DFG 2021-22, the Committee raised the issue of encroachment of areas under Defence Estates. The Director General Defence Estates (DGDE) apprised the Committee as under:

“जहाँ तक एनक्रोचमेंट का सवाल है, रक्षा संपदा संगठन का 4,490 एकड़ लैंड मैनेजमेंट का सवाल है, उसमें हमने दर्शाया है कि दो हजार एकड़ जमीन ऐसी है, जो एग्रीकल्चर लीज के लिए दी गई थी। ये जमीनें अम्बाला में भी हैं, सागर में भी हैं और जबलपुर में भी हैं। वे 30 साल से भी ज्यादा समय से चल रही हैं। वहाँ पर जो लोग विस्थापित हैं, उनमें से कई ऐसे हैं जो एग्रीकल्चर नहीं कर रहे हैं। वहाँ पर एडमिनिस्ट्रेटिव स्टे लगा हुआ है कि इनको तब तक हटाना नहीं है जब तक इनका पुनर्वास नहीं हो जाए। इसके अलावा 800 एकड़ के करीब ऐसी जमीनें हैं, जो स्टेट गवर्नमेंट की एनक्रोचमेंट्स हैं, कुछ डिपार्टमेंट्स बने हुए हैं। कई जगहों पर डिस्ट्रिक्ट कलेक्टर भी बने हुए हैं। हम उस दिशा में स्टेट गवर्नमेंट से डिस्कशन पर हैं। इस पर यह चर्चा भी हो रही है कि अगर स्टेट गवर्नमेंट को यह जमीन परमानेंट चाहिए तो उसकी एवज में स्टेट गवर्नमेंट डिफेंस डिपार्टमेंट को क्या दे सकती है? क्या इक्वली वैल्यू लैंड दे सकती है? उसकी एवज में डिफेंस डिपार्टमेंट को क्या मिल सकता है? सर, हम केस बाय केस विचार करेंगे। इसके अलावा हमारे काफी प्रयत्न रहे हैं कि बाकी की जमीन पर पीपी एक्ट चलाया जाए और जितना हो सके कानून

की उचित प्रक्रिया के तहत, लैंड के पैचेस को वापस लिए जाएं और उनका सही तरीके से मैनेजमेंट हो सके।”

4.27 On being further stressed by the Committee that priority should be given to action against encroachment, a representative of DGDE during evidence stated:

“सर, हम इसमें प्रयास कर रहे हैं। हमारा सर्वे भी चल रहा है, जिसमें पूरी 17.90 लाख एकड़ जमीन का सर्वे हो जाए। इसमें डिफेंस सेक्रेटरी की एडजिस में सर्वेयर जनरल ऑफ इंडिया से भी संपर्क किया है कि आने वाले दिनों में कैसे हम ड्रोन टेक्नोलॉजी को यूज कर सकते हैं, जिससे सर्वे सही तरीके से हो। ग्राउण्ड पर जो सिचुएशन है। डिफेंस इस्टेट्स आगर्नाइजेशन की मैनेजमेंट ही नहीं, जहां कहीं सर्विस हेडक्वार्टर की मैनेजमेंट की लैण्ड भी है, अगर वहां एनक्रोचमेंट है तो वह मैप हो जाए और उस पर एक्शन लिया जाए।”

### **Expert Committee on Working of Cantonment Boards**

4.28 The Committee have been informed the Ministry of Defence had constituted an Expert Committee on the Working of Cantonment Boards, under Chairmanship of Shri Sumit Bose, IAS (Retd), which submitted its report to the Ministry in February, 2019. In a written submission, the Ministry has submitted that following mechanism has been formulated to ensure timely and effective implementation of recommendations of the Expert committee:

“The recommendations of the Expert Committee are under examination of the Ministry for implementation. Out of 45 recommendations, action has been taken/is being taken for implementation of the recommendations as under:

- (a) **Construction of w.c/toilets** – Ministry of Defence issued necessary instructions for giving permission for construction of a Water Closet/toilet in an existing building within authorized tenements.
- (b) **Repairs to Buildings** – The Ministry has issued instructions for facilitating permission for repair/maintenance of houses by defining "repairs" and without seeking express sanction.
- (c) **Revision of Building Bye Laws of Cantonments** – Study on redevelopment of civil areas in Cantonments is being undertaken by DGDE through The Energy Research Institute (TERI). Based on the outcome, revised guidelines for building bye-laws will be issued. Pune



Cantonment Board has issued work order to The Energy Research Institute (TERI) for the proposed study at an cost of ₹ 9,58,100/- with 30.04.2021 as deadline for completion of project. Six Cantonment Boards viz. Pune, Mhow, Ranikhet, Lucknow, Agra and Secunderabad are taken up for the study.

- (d) **Grants under XV<sup>th</sup> Finance Commission** – After persistent efforts, the XV<sup>th</sup> Finance Commission, while allocating Grants to the State Governments, has for the first time issued directions for distributing proportionate share of Grant to the Cantonment Boards in the States during the current financial year. Accordingly, the Cantonment Boards have received the first and second installments of share of Finance Commission Grants from the State Governments during the year.
- (e) **Business regulation/Devolution of power to Vice President: Constitution of three additional Committees** – Steps have been initiated for the constitution of three more Committees i.e. the Finance Committee, the Education Committee and the Health & Environment Committee under section 48(e) of the Cantonments Act, 2006 through amendment in Business Regulations by the Cantonment Boards.
- (f) Regarding the recommendations relating to Multi-level car parking, Land use classification and Land Use Zoning regulations / Zoning exercise / Prohibitive activities in zones and Planning and Development unit in DGDE necessary instructions have been issued and progress of action taken is being monitored by Directorate General and Ministry of Defence.

The following policies are under consideration of Ministry to ensure timely and effective implementation of recommendations of the Expert Committee:-

- (a) Policy on renewal/extension of expired / expiring Cantonment Code / CLAR leases.
- (b) Delegation of powers for transfer & mutation of Old Grant Bungalows (OGBs) and amendment in GGO-179 of 1836.”

## **Implementation of Central Government Schemes in Cantonment Boards**

4.29 The Committee have been given to understand that the Centrally Sponsored Schemes such as Smart Cities Mission, Swachh Bharat Mission, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), etc. are to be implemented by the State Government/UTs in their respective areas of jurisdiction. Barring isolated cases, these Schemes were not being implemented by the State Government/District/State Municipal authorities, in the cantonment areas which are co-located with the city and form part of the common environment.

4.30 The Committee have also been apprised that in this regard, DGDE, in July, 2018, had requested the Chief Secretaries of the all concerned State Governments for issuing necessary instructions to all concerned Government departments for uniform implementation of various Central/State sponsored schemes in the Cantonments situated in their respective State. MoD has also taken up the matter with the Chief Secretaries of all concerned State Governments vide its letter dated 05.11.2019 to issue suitable instructions to institutionalize implementation of Centrally Sponsored Schemes in Cantonment areas.

4.31 The Committee have also learnt that a two day webinar on implementation of Centrally Sponsored Schemes in Cantonment areas was inaugurated by Hon'ble Raksha Mantri and successfully organized from 25-26 August, 2020 with active participation from the officers of 5 central Ministries (Ministry of Housing and Urban Affairs, Ministry of Health and Family welfare, Ministry of Education, Ministry of Social Justice and Welfare and Ministry of Women and Child Development), State Government officials of Uttar Pradesh, Madhya Pradesh, Maharashtra, Utrakhnad and Himachal Pradesh, the Principal Directors, Defence Estates (PDsDE), Presidents Cantonment Boards (PCBs), Vice Presidents (VPs) and Chief Executive Officers (CEOs). A roadmap for implementation of CSS in Cantonments has been formulated and is being pursued for effective implementation of CSS in Cantonments.

4.32 As per the submission of the Ministry, after the Webinar, there has been increased awareness and facilitation of beneficiaries to apply for most of the Centrally Sponsored Schemes which are being implemented in Cantonment areas. Principal Directors Defence

Estates and Chief Executive Officers of Cantonment Boards have vigorously taken up the issue with State Government Officials and District administration to extend the benefits of all Centrally Sponsored Schemes in Cantonments in an institutionalized manner. In this regard, a number of meetings have been held with State Government functionaries and pursued concerned authorities.

4.33 Further, to give impetus for early implementation of Centrally Sponsored Schemes in Cantonment areas “Working groups” at Directorate level have been formed comprising Directors and Chief Executive Officers, which monitor the ongoing progress. Dashboard for monitoring the implementation of schemes has also been created for monitoring at Directorate General and Ministry of Defence level. Further, the empirical data on the status of implementation of various schemes is given below:

**(A) STATUS OF IMPLEMENTATION OF AMRUT SCHEME**  
**Projects executed/ ongoing**

<b>Cantonment Board</b>	<b>Project</b>	<b>Status</b>
Dehradun	Construction of Overhead Tank	Completed in 2018
Badamibagh	Storm Water Drainage System	Completed in 2020
Barrackpore	Laying of Drinking Water Pipeline	Completed in 2014-15
	Laying of Sewage Line	Completed in 2019-20
Jalapahar	Laying of Water Pipeline and	Ongoing
	Construction of Overhead Tank	
Jutogh	Laying of sewerage lines	Ongoing
Cannanore	Cycle Track	Ongoing
Belgaum	STP	Ongoing

**(B) STATUS OF IMPLEMENTATION OF SMART CITY SCHEME**

<b>Project</b>	<b>Cantonment Boards</b>	<b>Status</b>
Smart Toilet	Ahmedabad	Completed
LED lights on Mall road	Agra	Completed
CCTV surveillance	Agra, Kanpur, Lucknow	Installed
CCTV surveillance	Aurangabad	Ongoing

Improvement of Roads	Agra, Belgaum	Ongoing
Smart Bus Shelters	Belgaum, Aurangabad	Ongoing
Smart Class	Saugor	Ongoing
ITMS	Saugor,	Ongoing
	Ahmedabad, Pune	Proposal Submitted
Construction of City Bus Terminus	Belgaum	Ongoing
2.1 km Sewer Line	Ajmer	Proposal accepted

**(C) STATUS OF IMPLEMENTATION OF OTHER SCHEMES IN 62 CANTONMENTS**

**PM SVANidhi SCHEME**

(a) Survey completed in	-	61 Cantonments
(b) No. of street vendors identified	-	18136
(c) No. of letters of recommendation issued	-	2696
(d) No. of ID cards issued	-	8828

**Samgra Shiksha Abhiyan**

(a) No. of beneficiaries( free books)	-	53477
(b) No. of beneficiaries( free dress)	-	32295
(c) No. of teachers trained	-	1305

**Anganwadi Scheme**

(a) No. of anganwadis	-	643
(b) No. of beneficiaries	-	62208

**Mid Day Meal Scheme**

(a) No. of registered beneficiaries	-	48217
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**National Disability Pension Scheme**

(a) No. of beneficiaries receiving pension	-	3119
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### **Widow Pension Scheme**

(a) No. of beneficiaries receiving pension - 13933

### **Old Age Pension Scheme**

(a) No. of beneficiaries receiving pension - 14291

### **Mission Indradhanush Scheme**

(a) No. of beneficiaries - 37479

### **(D) IMPACT OF EFFORTS MADE**

(a) CEO / Vice President included as member in DPC/DISHA - 40 Cantts Boards

(b) Assurance given by State authorities - 19 Cantts Boards

### **Commercial use of non-sensitive Defence Lands**

4.34 The Committee desired to know whether the MoD was exploring the options of commercialisation of non-sensitive defence lands such as leasing lands to commercial establishments etc. to increase source of revenue. In this regard, the Ministry replied as under:

“Presently there is no policy to lease out non-sensitive Defence land to commercial establishments to increase the source of revenue generation. Defence land for public utilities and infrastructure projects are considered for leasing out to Central/State Governments/local bodies under MoD policy letters No. 11015/2/2012/D(Lands) dated 11.03.2015 and 02.02.2016 and amended vide letter of even number dated 21.10.2020. Such projects are considered on case to case basis, depending upon the requirements of land in each case and defence land is transferred either on Equal Value of Land (EVL)/Cash compensation/ Creation of Equal Value Infrastructure (EVI) by indenting agencies. However, defence lands are also given on lease/license basis to State Govt./Central Govt./Autonomous body for such purposes.”

### **Educational and Health Institutions in Cantonments**

4.35 To a query of the Committee regarding concession by way of taxation being provided to the educational institutions being run in the Cantonment areas, the DGDE responded as under:

“Sir, the Cantonment Boards and the municipal bodies run their own school as we showed in the presentation. 196 schools are being run. Besides that, there are many Central Government schools also which are being run like Army Public School are there; Kendriya Vidyalayas are there. The property tax which is charged would be high in some cases where probably the use is not for the school. There is a violation being done by the school or education institution or some sort of it. We do get some cases like that where they ask for remission of the tax which is being raised.”

4.36 When asked whether private agencies are allowed to run the educational services in the Cantonment areas, the DGDE replied in negative.

4.37 During oral evidence, the Committee further desired to know about feasibility of extending Corporate Social Responsibility (CSR) in the Cantonment institutions like hospitals, schools etc. The Defence Secretary, in this regard, submitted as under:

“ Sir, two/three examples require in the amendment. One is, today, the Property Tax Act is not akin to what the Municipal bodies in the country are doing. Today, the best practice of Property Tax followed which will increase efficiency is the unit area method whereas we are following, as per the Act, the rateable value of property. Secondly, there are certain small, small things which were provided in the old Cantonment Act which have become obsolete today, like setting of butcheries or other kind of things which are becoming obsolete because things have changed totally. Thirdly, there are certain greater delegation which are proposed under the new Act, subject to the approval of Parliament, which includes providing a post of directed elected Vice President. This is the proposal of the Act and it will be subject to the approval of Competent Authority and more powers to the delegated authority with respect to functioning of the civil areas.”

### **Challenges faced by the Civilians in the Cantonment Areas**

4.38 The Committee, during deliberations on DFG 2021-22, raised the issue of various challenges being faced by the civilians residing in the Cantonment areas. The Director General Defence Estates, in this context, deposed as under:

“हमारी यह कोशिश है कि जो हमारे निवासी हैं, उनका रहना सहज और सरल किया जा सके। इसके लिए जो लीज पॉलिसी है, जो 90 साल की लीज दी जाती है, काफी जगहों की लीज एक्स्पायर्ड हो चुकी है। वहां जो लोग रहते हैं, उनकी लीज कैसे बढ़ानी है, जो लीज रेंट है, वह कैसे सिटीज़न्स के फेवर में हो, उस पर सोच-विचार किया जा रहा है। एक पॉलिसी मंत्रालय के साथ डिस्कशन के स्तर है।

As we mentioned, there is a thought-process going on that the main issue of the residents of the cantonment areas is their residential status. Many of the leases after 90 years have run their course. So, that was the limit. How is to be extended further, how the lease rent is to be arrived at so that there is no undue burden on the residents, that is under discussion in the Ministry.

We are trying to find solution whereby the Government's rights are also protected and at the same time, we balance it with the interests of the residents also. We are working on that. That is one issue which would impact the maximum number of residents.

Other issues, which have been raised in the past by this hon. Committee is the issue of sub-division and mutation of properties in the cantonment. All these would be covered in the same kind of policy decision for which work is going on.

As far as the issue of toilets and so on, as the hon. Chairman mentioned, are concerned, certain decisions have already been taken by the Ministry where permission for construction of toilets in authorised tenements does not require any formal permission by way of a building plan. It can be constructed by the

residents and the authorised tenements also by just intimating the cantonment boards.

Regarding the aspect of repairs of cantonment board of properties, whether they are on lease properties that has been now defined so that they need not come to the Cantonment Board for a formal approval. For the repairs which they can do without coming to the Cantonment Board, the Ministry has issued the guidelines on that and we have disseminated that. The residents are taking advantage of the citizen-friendly policy.”

### **Amendment in Cantonment Act, 2006**

4.39 The Committee have found that after coming into force of the Constitution of India, administration of Cantonments became a Union subject. As per entry 3 of the Seventh Schedule to the Constitution of India, Parliament is the competent legislature to make laws for delimitation of Cantonment areas, local self-government in such areas, the constitution and powers of Cantonment authorities in such areas and the regulation of house accommodation including the control of rents in such areas.

4.40 74<sup>th</sup> amendments of the Constitution necessitated a de-novo look into administration of Cantonments and the role of Cantonment Boards under the Cantonments Act, 1924. Accordingly, the Cantonments Act, 2006 was enacted to consolidate and amend the law relating to the administration of Cantonments with a view to impart greater democratization, improvement of their financial base, to make provisions for development activities and for other connected matters. The new Cantonments Act, 2006 came into force on 18.12.2006.

4.41 The Committee, during discussion on DFG 2021-22, desired to know when the Cantonment Act 2006 was going to be amended as delay in this process impacted the elections of various Cantonment Boards in the country and civilians residing in the Cantonments. In this regard, during oral evidence, the Defence Secretary deposed as under:

“ There are two kinds of efforts that we are doing to increase ease of living of citizens in the cantonment boards. Changes in some of these processes require amendment in the Cantonment Act and some changes can be done administratively.

Whatever can be done administratively without amendment of the Act, several things have been done. For example, today, for repair of building, no permission is required from anyone.



Secondly, yesterday hon. Raksha Mantri launched a portal. In all 62 cantonments, the services can be availed of online. I can just give you one example. Trade licence used to take 15 to 20 documents and several months in the past. Today, the process has been simplified. Now, only four documents are required. The whole process is online. It can be given within days and it is available on the dashboard for everybody to see for each cantonment. This process has become totally transparent.

Similarly, for renewal of lease, that process has been totally automated. You do not need to visit the Cant. Board office. It can be done online. Like that, about eight different services were made online yesterday. Cant. Board is in the process of automating rest of the services online also in the next six months or so. We expect all the services will become online. They do not require any statutory amendment.

Sir, we are in the process of amending the Cantonment Act. Draft Cantonment Act has been put up for comments and Hon. Members have given very valuable comments. We have had several discussions with the stakeholders. We are now in the stage of finalising the Act.

As soon as the final Act is available, we propose to take it forward for getting the Act amended and thereafter, the election will be held as soon as possible.”

### **Challenges and constraints in Cantonments**

4.42 The Committee have been apprised that resources of Cantonment Boards are limited as the bulk of the property in Cantonments is Government-owned which is exempt from property tax. Moreover the nature of the Cantonments is such that there is only limited trade and business activity and practically no industry.

4.43 To a specific query of the Committee regarding challenges and constraints in the Cantonment areas, the Defence Secretary submitted as under:

“चेयरमैन साहब ने और आदरणीय मेंबर्स ने एक बहुत महत्वपूर्ण बात कही कि वहां के लोगों के जीवन को कैसे ज्यादा सुविधाजनक बनाया जा सके, उसके लिए कैंट में और जो दूसरे एडिमिनिस्ट्रेटिव मेजर्स लिए जाने चाहिए, वे मेरी समझ में सबसे बड़ी समस्या है। दूसरी समस्या जमीन का संरक्षण है, उसमें जैसे डीजीडी ने बताया है, अब काफी नए काम कर रहे हैं। हम पूरी जमीन का नया सेर्वे कर रहे हैं, पुराना सेर्वे भी है। 18 लाख एकड़ जमीन का सेर्वे नॉर्मली करने में कई वर्ष, पांच सात-वर्ष लग जाते थे और जब तक सेर्वे खत्म होता था तो जहां से सेर्वे शुरू हुआ था वहाँ की स्थिति बदल जाती थी। अब हम ड्रोन के द्वारा इसे करने का प्रोग्राम बनाया है। अगले 6 से 9 महीनों में हमारा यह सेर्वे

पूरा हो जाएगा और इससे हमें जमीनी स्थिति के बारे में ज्ञान हो सकेगा। ये दोनों प्रश्न सबसे महत्वपूर्ण हैं।”

## CHAPTER V

### DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUs)

#### Introduction

The Committee understand that there are following nine Defence Public Sector Undertakings under the administrative control of the Department of Defence Production, Ministry of Defence:

- (i) Hindustan Aeronautics Limited (HAL) - Navratna
- (ii) Bharat Electronics Limited (BEL) - Navratna
- (iii) Bharat Dynamics Limited (BDL) - Miniratna
- (iv) BEML - Miniratna
- (v) Mishra Dhatu Nigam Limited (MIDHANI) - Miniratna
- (vi) Mazagon Dock Shipbuilders Limited (MDL) - Miniratna
- (vii) Garden Reach Shipbuilders and Engineers Limited (GRSE) - Miniratna
- (viii) Goa Shipyard Limited (GSL) - Miniratna
- (ix) Hindustan Shipyard Limited (HSL)

#### Profit of DPSUs

5.2 The Committee have learnt that all 9 DPSUs have registered profit during each of the last five years. The year-wise details are tabulated as under:

(₹ in crore)

Name of DPSU	Profit After Tax (PAT)				
	2015-16	2016-17	2017-18	2018-19	2019-20
HAL	1998	2616	1987	2282	2857
BEL	1307	1548	1399	1927	1794
BEML	77.92	98.29	163.79	130.96	24.06
BDL	564.88	524.06	528.15	422.59	534.90
MIDHANI	161.85	186.35	198.25	191.05	202.09
MDL	637.82	533.49	439.8	517.28	415.02
GRSE	249.15	20.89	127.75	178.96	223.87
GSL	62.29	117.40	217.33	131.52	197.77
HSL	19.00	53.77	20.99	36.24	13.03

5.3 In a Power Point Presentation made before the Committee, the representatives of the Ministry of Defence briefly provided highlights of the current state of Defence Industry in the country:

- India's Defence Industry (2019-20) ~ ₹ 80,000 crore
  - ✓ Public Sector: ₹ 64,000 crore
  - ✓ Private Sector: ₹ 16,000 crore
- 2 Indian Defence PSUs and OFB in Stockholm International Peace Research Institute's SIPRI's Top 100 (Report 2018 published in December 2019)
  - ✓ HAL (38th), BEL (62nd)
- Defence Licenses
  - ✓ From 2001 till 2014 : 217
  - ✓ From 2014 till date : 289
- Exports growing rapidly
  - ✓ From ₹ 1,520 crore in 2016-17 to ₹ 9115 crore in 2019-20
- Start ups
  - ✓ Nearly 100 Start ups in Defence and Aerospace identified.

5.4 Further, the Committee were apprised of the following reforms being initiated to bring 'Aatmanirbharta' in Defence Sector:

- Notification of Negative list of import–101 items
- Defence Acquisition Procedure (DAP)–2020
- Buy Indian (IDDM) introduced in DPP 2016
- Buy (Global-Manufacture in India) category of capital procurement in DAP, 2020
- Policy on Indigenisation / Indigenisation Portal
- Simplified Procedure for Make II notified
- Establishment of Defence Industrial Corridors in Uttar Pradesh & Tamil Nadu
- Reforms in Industrial Licensing
- Innovations for Defence Excellence (iDEX)
- Third Party Certification
- Enhanced FDI limit from 49% to 74% under Automatic route and 100% under Government route

- FDI increased by more than 200% in last 6 years
- Offset reforms in 2020—offset discharge incentivized through higher multipliers for:
  - MSMEs
  - Investment in Defence Corridors
  - Transfer of Technology
  - Transfer of critical technology

5.5 The representatives of the Ministry of Defence also apprised the Committee of the achievements in Defence Sector as a result of various reforms as under:

- MSME vendor base increased from 8000 to 11405 from 2019-20
- iDEX:
  - ✓ 29 Military problems opened
  - ✓ 82 Startups engaged, 39 agreement done
  - ✓ Prototypes under development
- Contract signed for 83 LCA Mk-1A during Aero India
- 55 projects accorded Approval-in-Principle -approx. 30000 crore under MAKE-II
- Defence Corridors:
  - ✓ UP Corridor-₹3700 crore investment announced, ₹1007 crore invested;
  - ✓ TN Corridor-₹3100 crore investment announced, ₹1993 crore invested
- 14 Defence specific AI Products developed, 16 under development by DPSUs.

### **Cost and Time Slippages**

5.6 When asked whether there have been any cost and time slippage by DPSUs during the last five years while supplying items to the forces, the Ministry of Defence replied as under:-

- (1) **HAL**: Currently, HAL is supplying Su-30MKI fighter aircraft, Light Combat Aircraft (LCA-Tejas), Dornier Do-228, Advanced Light Helicopters (ALH), Chetak and Cheetal helicopters to the Defence Forces. HAL products are highly technology intensive and first of its kind development in the country, with dependence on multiple stakeholders, including foreign OEMs which at times poses unforeseen challenges. Due to reasons which were beyond control of HAL, certain delays were experienced in supply as highlighted below:

- **LCA:** Frequent changes in drawings, inadequate “Design for Manufacture” concepts, calling for processes which were not qualified during prototype stage, non-freezing of the build standard till date for delivery of LCA, delay in receipt of IOC/FOC, etc. hampered the original production schedule.
- **Su-30MKI:** Delay in design of Su-30MKI version by OEM and subsequently delay in receipt of Licence Technical Documents (LTD) from the Licensor.
- **Cheetal:** Issue of non-availability of Main Rotor Blades (MRB) from M/s Airbus Helicopters (AH), France.
- There has been no delay in supply of Do-228 aircraft and Chetak Helicopters.

Due to such project/ production aspects, there are certain instances of rescheduling of deliveries in consultation with the Customers. All such issues concerned with timely delivery of products have been addressed from time to time and actions such as augmentation of facilities, increase in outsourcing, duplication of jigs etc., are being implemented as required. However, as these supplies are against firm and fixed contracts, there are no slippages on account of cost.

- (2) **BEL:** All contracts signed between BEL & MoD are fixed price contracts and are based on negotiated prices firmed up prior to signing of contract. Any delay in completion of projects does not lead to cost escalation unlike Cost Plus contracts.

Meeting the delivery requirements of our customers, primarily the Defence Forces is of paramount importance to BEL. With the usage of state-of-the-art Project Management tools, all efforts are made to ensure timely delivery to customers as per contract. As part of continuous improvement of on-time delivery, the root-cause for delay in delivery of some of the projects is analyzed and necessary corrective/preventive measures are taken to minimize/zero down the same. On-time delivery during last 5 years is around 80%. It is pertinent to mention here that despite BEL’s enhanced thrust on timely delivery, it is inevitable that some of the large complex projects get delayed due to Concurrent Engineering, accord of Bulk Production Clearance, Change in user requirement, Specifications to incorporate additional features, Site/platform Readiness etc. All these measures and improvement processes are aimed at further enhancement of on-time delivery.

- (3) **BEML:** All contracts that the Company is executing are generally with firm prices. The company has been supplying equipment and spares to the Forces in time in the past. During 2012 to 2015 the deliveries of Heavy Duty Trucks has been delayed due to extraordinary situation, delay in Bulk Production Clearance for Sarvatra Bridge System and dispensation for executing 204 Nos. Advanced Recovery Vehicles (ARVs). However, supply of Heavy Duty Trucks had commenced from October, 2015 and all pending orders in respect of Heavy Duty Trucks has been

serviced. Bulk Production Clearance for Sarvatra Bridge system was received in October 2019 and supplies has been commenced. In the case of ARV, order amendment is expected shortly for execution.

- (4) **BDL**: MoD orders in BDL are based on fixed price contract basis. Hence there is no impact of cost slippages. Milan-2T missiles have been delivered before delivery date as per Contract. However, due to reasons which are beyond control, products like Konkurs-M ATGM, Invar ATGM were delivered beyond scheduled time due to technical snag encountered during proof firings.

Akash Weapon Systems were delivered beyond scheduled time due to various Design changes / modifications incorporated in Missiles & GSEs for improvement of the AWS, delay in receipt of input materials from vendors and delay in receipt of Tatra Vehicles from M/s BEML due to embargo.

- (5) **GRSE**: All contracts signed between GRSE & MoD are fixed price contracts and are based on negotiated prices firmed up prior to signing of contract. Any delay in completion of projects does not lead to cost escalation unlike Cost Plus contracts.

The delivered ships as per table given below are under fixed term contracts: -  
**Major delivery made during the last five years:**

Sl. No	Type of Ship	Customer	Name of the Ship	Contractual Delivery	Actual Delivery
<b>FY 2020-21 upto 31.12.2020</b>					
(a)	5 <sup>th</sup> Fast Patrol Vessel	Indian Coast Guard	KanaklataBarua	07.03.2019	09.06.2020
(b)	8 <sup>th</sup> Landing Craft Utility	Indian Navy	IN LCU L-58	28.05.2016	31.12.2020
<b>FY 2019-20</b>					
(a)	2 <sup>nd</sup> Fast Patrol Vessel	Indian Coast Guard	Annie Besant	07.06.2018	05.11.2019
(b)	3 <sup>rd</sup> Fast Patrol Vessel		Amrit Kaur	07.09.2018	19.11.2019
(c)	7 <sup>th</sup> Landing Craft Utility	Indian Navy	IN LCU L-57	28.02.2016	11.12.2019
(d)	4 <sup>th</sup> Anti-Submarine Warfare Corvette		INS Kavaratti	30.04.2015	18.02.2020
<b>FY 2018-19</b>					
(a)	4 <sup>th</sup> Landing Craft Utility	Indian Navy	IN LCU L-54	28.05.2015	06.04.2018
(b)	5 <sup>th</sup> Landing Craft Utility		IN LCU L-55	28.08.2015	28.09.2018
(c)	1 <sup>st</sup> Fast Patrol Vessel	Indian Coast Guard	Priyadarshini	07.03.2018	27.03.2019
(d)	6 <sup>th</sup> Landing Craft Utility	Indian Navy	IN LCU L-56	28.11.2015	30.03.2019
<b>FY 2017-18</b>					
(a)	4 <sup>th</sup> Follow-On Water Jet Fast Attack Craft	Indian Navy	Tarasa	31.12.2015	15.06.2017
(b)	2 <sup>nd</sup> Landing Craft Utility		IN LCU L-52	29.11.2014	20.07.2017
(c)	3 <sup>rd</sup> Anti-Submarine Warfare Corvette		INS Kiltan	31.07.2014	14.10.2017
(d)	3 <sup>rd</sup> Landing Craft Utility		IN LCU L-53	28.02.2015	09.01.2018
<b>FY 2016-17</b>					
(a)	1 <sup>st</sup> Follow-On Water Jet Fast Attack Craft	Indian Navy	Tarmugli	31.03.2015	16.04.2016
(b)	3 <sup>rd</sup> Follow-On Water Jet Fast Attack Craft		Tihayu	30.09.2015	30.08.2016
(c)	1 <sup>st</sup> Landing Craft Utility		IN LCU L-51	29.08.2014	30.09.2016
(d)	2 <sup>nd</sup> Follow-On Water Jet Fast Attack Craft		Tillanchang	30.06.2015	21.12.2016
<b>FY 2015-16</b>					
(a)	2 <sup>nd</sup> Anti-Submarine Warfare Corvette	Indian Navy	INS Kadmatt,	31.07.2013	26.11.2015
<b>FY 2014-15</b>					
(a)	1 <sup>st</sup> Anti-Submarine Warfare Corvette	Indian Navy	INS Kamorta,	31.10.2012	12.07.2014



The delays in warship construction are primarily on account of the following:

- **Finalization of fit & Freezing of Specifications by the customer:** The warships being high value assets, the customers always try to ensure the latest weapons sensors are fitted. Many a times, development of the new systems and construction of ship progress concurrently. Since, the time frame for developmental activity is uncertain, the ship construction also gets delayed.
- **Failure of Major Equipment manufacturers:** Several of the ship's projects are affected when there is a delay in delivery of major equipment and systems by OEMs and failure of their engineers in resolving critical defects. Many of the OEMs are nominated by customers (Indian Navy & Indian Coast Guard).
- **Inability to Progress Integrated Construction:** The build period of ships can be cut down when the ships are constructed by Integrated Construction (IC) methodology. The IC methodology can be adopted only when the equipment fit and specifications are finalized at the beginning (at Contract Signing) and design is frozen before commencement of production.

(6) **GSL:** There have been no time and cost slippages while supplying items to the Forces during the last five years. GSL has delivered following platforms/ facilities in the last 5 years, all within schedule:-

- Eight 105M Offshore Patrol Vessels (OPVs) to Indian Coast Guard
- Two Offshore Patrol Vessels (OPVs) to Sri Lanka Navy
- 02 Fast Patrol Vessels & 11 Fast Interceptor Boats for Government of Mauritius
- One Damage Control Simulator to Myanmar Navy
- One Damage Control Simulator to Indian Navy
- Four 1000 T Fuel Barges to Indian Navy
- One Nuclear Biological Chemical Training Facility to Indian Navy.

(7) **HSL:** The time slippages in the past projects are due to various reasons like lack of working capital, numerous design changes, re-works, various modifications and delay in getting approval of drawings etc. This has affected the delivery schedule of the vessels.

However, HSL has been continuously reviewing the monitoring mechanisms and strategies for ensuring timely delivery of projects. In the submarine refit front, HSL has completed Normal Refit of Submarine 'INS Sindhuvir' and delivered to Indian Navy on 31 Jan 2020 after completion an extensive work package which included installation of new equipment on board the submarine. The submarine was delivered

9 days ahead of the time and the yard has received accolades for this remarkable achievement. Further, HSL has completed the maiden refit of 'INS Astradharini', a torpedo launch and recovery vessel for Indian Navy, two weeks ahead of contractual refit schedule.

There has been a significant improvement in adhering to the project timelines with the use of monitoring mechanisms like Critical Chain Project Monitoring (CCPM) for review of projects. The ongoing projects, such as two Diving support vessels and four 50T BP Tugs for Indian Navy, are being monitored regularly by senior management. Due to Covid-19 pandemic, there may be slippages in delivery timelines of ongoing projects due to force majeure.

(8) **MDL:**

- **In reference to Project P15B**, the Cabinet Committee on Security (CCS) II sanction which catered for revision in delivery dates due to delay in receipt of Buyer Furnished Equipment (BFEs) and Buyer Nominated Equipment (BNEs) has been accorded in Jan 20. Post CCS II Sanction no further cost and time slippage has been sought by MDL for P15B.
- **In reference to Project P75**, no fresh orders received during last 5 years. 2 Submarines are delivered and are in service with third being delivered shortly. Fourth & Fifth Submarines are undergoing Sea and Harbour trials and Boot together of sixth Submarine completed and presently it is in Engineering outfitting stage.

There has been requirement of revision of delivery dates & enhancement of cost in Project-75 due to the following reasons not attributable to MDL:

- **Delay in delivery of material:** Material non-availability / late supply of material from OEMs/Suppliers has resulted in un-avoidable revision of delivery dates.
- **Incomplete TDP:** Non-availability of complete and correct TDPIS (Technical Data Package Information System) from collaborator had been a major hurdle in progressing with construction, STW & Trials in accordance with schedule.
- **Non availability of OEM specialist:** Non-availability of specialists concerned as required from the collaborator / OEMs such as Navantia, MAN, Jeumont to attend defects encountered, which were not attributable to MDL, has adversely impacted sea trial schedule and timelines for delivery of the submarines.
- **Delay in defect rectification and software issues:** Large no. of defects had been observed during the STW, HATs & SATs phase & substantial time has

been lost in identification and resolving defects by the OEM Specialists. Further, non-availability of updated software viz software of IPMS & PLC, has severely impacted both progress of construction and trials.

- **Delay due to Covid19:** Production could not progress due to Covid 19 lockdown from 24 Mar'20 to 07 Jun'20. Limited production commenced from 08 Jun'20 and normal operation resumed from 05 Oct '20 which has adversely impacted both progress of construction and trials.

(9) **MIDHANI:** MIDHANI is not supplying directly to Forces.”

### **Modernisation of DPSUs**

5.7 On the targets and present status of modernization of DPSUs, the Ministry of Defence submitted following information:-

**“HAL:** Considering that aerospace is a highly technology intensive domain, which is also characterized by rapidly changing technologies, obsolescence issues etc., and to cater to increasing demands of customer, need for modernisation/ upgradation is reviewed on a regular basis at HAL. The modernization plans are finalized considering the available capacity and augmentation required in new projects being undertaken. The modernization plan includes upgradation of technology through establishment of new processes, state-of-the-art manufacturing and design facilities, improvement in layouts, modernized storage, material handling and IT infrastructure. Currently, creation of additional capacity is under process for manufacturing of Light Combat Aircraft (LCA), Repair and Overhaul (ROH) of Su-30MKI, ROH of AL-31FP engine and new programmes like Light Combat Helicopter (LCH), Light Utility Helicopter (LUH) etc., which are expected to enter production phase in the coming years. Also, for production of LUH, a green field project has been taken up at Tumakuru, Karnataka, to set up a state-of-the-art facility of Industry 4.0 standard.

- During the last five years Capital Expenditure to the tune of ₹7400 crore has been made by the company towards fulfilling the modernization, capacity augmentation, facility upgradation and other capital infrastructure requirements.
- Details of Planned Capital Expenditure (CAPEX) for the next three years:

Planned CAPEX (in ₹ crore)			Source of funding (Internal accruals /Govt. Funding/ Others)
2020-21	2021-22	2022-23	
1040	1400	1800	Internal Accruals/External Borrowings

(2) **BEL:** Company has been continuously modernizing its infrastructure to be in tune with the changing needs of the technology/products. Specific groups in all the units scan the technology changes that are taking place and identify new processes in the world market for acquisition. This enables BEL to maintain its infrastructure on par with international standards. BEL's investment towards modernization and acquiring new plant & machinery (including Test instruments, R&D investments, infrastructure up-gradation etc.) was ₹552 crore in 2019-20.

➤ Some of the major facilities established during the year include Product Development & Innovation Centre inaugurated by Hon'ble Raksha Mantri at Bengaluru Unit, New State-of-the-art manufacturing facility for Composite Material, Environmental Testing & Finishing at Navi Mumbai Unit, New Production Building at BEL, Hyderabad Unit, Secure Triple Play Services at BEL, Bengaluru Unit, 2100 litre Climatic Chamber with 60 TR Chillers at BEL Kotdwara Unit. Details of Planned Capital Expenditure (CAPEX) for the next three years

Planned CAPEX (in ₹ crore)			Source of funding (Internal accruals /Govt. Funding/ Others)
2020-21	2021-22	2022-23	
550	650	825	Internal/External borrowing

(3) **BEML:** BEML is in intense competitive environment across all its business verticals and around 85% of its business is coming thru open competition. Modernisation of facilities and upgradation of products is essential to be on par with global players.

BEML is steadily upgrading its manufacturing facilities, IT infrastructure and R&D facilities and Capex incurred is about ₹ 50 crore to ₹ 70 crore per year. BEML is going for outsourcing wherever capability / capacity is available in the industry and generally restricts capital expenditure only to add machines for carrying out very critical operations. The Company's capex is funded through internal accruals and borrowed funds. There is no budgetary allocation for this purpose from the Government Capex planned for FY 2020-21 is ₹ 77 crore.

BEML is actively seeking partnerships with reputed Original Equipment Manufacturers (OEMs) looking to establish or expand their sourcing/manufacturing footprint in India thru Joint Ventures / Joint manufacturing / Technology licensing / Contract manufacturing / Know-how transfer arrangement. Capacity expansion plans of the company include the following:

**a. Green Field Projects**

- Special Economic Zone (SEZ) Aerospace Park at Bangalore
- JV with MELCO for propulsion
- JV with Tatra Trucks as for Defence Spares

**b. Brown Field Projects**

- Facilities for manufacturing of satellite launchers and air borne structures for National Programmes
- Augmenting facility for Metro manufacturing
- Facility for manufacturing Rail Grinding Machines
- Facilities for Indigenous development of High Mobility Vehicle cabin
- Upgradation of engine test cells to meet BSIV emission norms
- Upgrading IT infrastructure for cyber security requirements
- Innovation and Industrial design center.

BEML has also submitted proposal to NITI Aayog seeking budget allocation for the following projects:

- ✓ Centre of Excellence for Metro cars development (Also letter written to Secretary, Department of Science & Technology for guidance and support for funds to set-up Centre of Excellence for development of Metro cars)
- ✓ Design & Development of 20 Cm. Rope Shovel for Mining application.
- ✓ Design & Development of 240 Ton Dumper for Mining application
- ✓ Design & Development of Walking Dragline
- ✓ Centre of excellence for recovery vehicles

(4) **BDL:** BDL has spent considerable amount on modernization in the last 5 years which include procurement of machinery and development of infrastructure facilities to enhance productivity of major products. Modernisation and replacement of Plants and Ramping up of capacities for Surface to Air Missiles (SAMs) & Anti-Tank Guided Missiles (ATGMs). Modernisation programmes are financed by the company from internal resources. ₹ 40 crore has been earmarked on CAPEX towards modernization of Plant and Machinery and other infrastructure developments for 2020-21. Capacity expansion plans of the company include the following:

- Construction of Warhead Building.
- Radio Frequency (RF) Seeker facility
- Imaging Infra-Red (IIR) Seeker
- Vibration Machine at VU.
- Automatic storage & Retrieval system Stores.
- New units at Amaravati, Maharashtra is in progress.

Details of Planned CAPEX for the next three years:

Planned CAPEX (in ₹ crore)			Source of funding (Internal accruals /Govt. Funding/ Others)
2020-21	2021-22	2022-23	
40	60	80	Internal Accruals

(5) **GRSE:**

- a. **Phase-I Modernization** was completed in 2005 with a total financial outlay of ₹ 76.05 crore.
- b. **Phase- II Modernization** was completed in 2013 with a view of augmenting shipbuilding infrastructure. The facility consists of the following:
  - Dry Dock (180M x 29M) of 10000 Tons capacity
  - Inclined Berth (180M x 23M) of 4500 Tons capacity
  - Module Hall (99x30 M) with telescopic sliding roof arrangement
  - Goliath Crane of 250 Tons capacity, covering above Dry Dock, Inclined Berth and Module Hall, for handling of Mega Hull Blocks up to 250 tons. This crane was damaged during 2017 and a new crane is under procurement with a likely commissioning by April 2021.
  - Paint Cell for blasting and painting of hull blocks at controlled conditions of temperature and humidity.
  - Portable Shelters for Dry Dock and Inclined Berth, to provide all weather ship construction facility.
  - Electrical Sub-Station of 6 KV capacity to meet enhanced power supply requirements.
  - ERP Phase-2 implementation consisting of Data center at MW, SAP, Mail-Messaging & DMS

The total financial outlay was ₹ 529.8 crore for Phase-II and also expenditure incurred for Enterprise Resource Planning (ERP) Phase-II was ₹ 22 crore (approximately).

**Expenditure incurred in Phase-I & II.** The total financial outlay was ₹ 605.85 crore (₹ 76.05 crore for Phase-I and ₹ 529.8 crore for Phase-II). ₹ 274.12 crore expenditure from internal accruals of GRSE and ₹ 331.73 crore expenditure funded by Navy.

- The shipyard is progressing with its ambitious plans of revitalization and refurbishment of Rajabagan Dockyard (RBD) which is planned to be completed by 2023 -24. After revitalization and augmentation of facilities at RBD, the shipbuilding

capacity of GRSE will increase from 20 ships to 24 ships concurrently. Generally, the modernization/ upgradation activities at GRSE are carried out against Board Approved Capital Expenditure Budget of Financial Years for continual upgradation of facilities of the company. These are need based modernization for continual upgradation of facilities of the company. The Capital Expenditure for FY 2017-18 is ₹ 55.73 crore, for FY 2018-19 is ₹ 46.10 crore and for FY 2019-20 is ₹ 51.89 crore. Details of Planned CAPEX for the next three years are as below:

Planned CAPEX (in ₹ crore)			Source of funding (Internal accruals /Govt. Funding/ Others)
2020-21	2021-22	2022-23	
140	79	75	Internal accruals

- (6) **GSL:** GSL is implementing infrastructure augmentation plan for MCMV in a phased manner to enhance capability of shipyard to build vessels for the Indian Navy, Indian Coast Guard and exports. The plan includes creation of dedicated facilities for construction of high technology Glass Reinforced Plastic (GRP) hull Mine Counter Measure Vessels (MCMVs), new steel & aluminum fabrication facilities for construction of new ships and facility for repair & refits of ships.

Yard 'Infrastructure Augmentation Plan for MCMV' is being executed in five phases of which Phases 1 & 2 were completed in Mar 2011. Construction work for Phase 3A was completed in Nov 2016.

Phase 3B comprises of setting up of facilities like Steel Preparation Shop (SPS), Block Assembly Workshop (BAW), Amenity Building, Ship Stores, Blast & Paint cells and ancillary buildings.

Steel Preparation Shop, W1 Substation, Process Gas Bank facility has been completed. The facility of Steel Preparation Shop (SPS) was inaugurated on 10 Aug 2020 by Hon'ble Raksha Mantri through video conferencing as part of Atmanirbhar Bharat week activities. The work on Block Assembly Workshop, Amenity building, Blast & Paint cell, New Stores is in progress, with EDC of end 2021.

As part of Phase 4, dedicated facilities for MCMV GRP construction was completed and inaugurated on 08 Jul 2020 by Secretary (Defence Production) through video conferencing. Construction of MCMV Command, Control & Design Office Building, that will house all major functional departments for execution of the MCMV project, is in progress as part of Phase 4 and likely to be completed by Mar 2021.

Modernisation plan for MCMV construction facilities is being executed using funds partly from internal accruals and partly from Govt. funding. The Government has sanctioned ₹ 400 crore in Oct 2010 towards development of facilities for building MCMV, which is utilized for execution of Phase 1, 2 & 3A along with internal accruals from GSL to the tune of about ₹ 321 crore.

- Further, MoD has sanctioned ₹ 480 crore, for augmentation of infrastructure under Phase 3B & 4 for MCMV Project in Mar 2015, the work on which is in progress. An amount of ₹ 290 crore received from the Govt. towards this has been fully utilized. GSL has submitted the bill to WOT, Goa for drawing the balance amount of ₹ 190 crore, however allocation of funds by DNP is yet to be made. Release of Fund is being followed up. Details of Planned CAPEX for the next three years

Planned CAPEX (in ₹ crore)			Source of funding (Internal accruals /Govt. Funding/ Others)
2020-21	2021-22	2022-23	
70.00	80.00	75.00	₹ 190 crore from Government funding and ₹ 35 crore from internal accruals.

(7) **HSL:**

- a) **Refurbishment & Replacement of Machinery and Infrastructure (RRMI):**  
 There is no budgetary allocation for modernization. However, during the year 2010, details of essential requirements for replacement/ refurbishment/ renewal of age-old plant, machinery and infrastructure had been worked out to an extent of ₹ 457.36 crore and the same has been projected to MoD vide HSL letter CMD/HSL/025/2010 dated 26 Nov 2010. Accordingly, GoI vide letter 1(10)/2010/HSL/DPO(NSM)/PLG-VIII/10 dated 23 Dec 2011 had sanctioned ₹ 457.36 crore for Refurbishment & Replacement of Machinery and Infrastructure (RRMI). The RRMI activities are being carried out expeditiously to undertake construction of sophisticated and Hi-tech Defence vessels.

Following works are proposed to be carried out through RRMI funds.

- Refurbishment and Up-gradation of Slipways for construction of FSS (Fleet Support Ships).
- Installation of (2 x 200 T) Capacity Goliath Crane with 75 Mtr span across available slipways.
- Creating of New Hull shops (2 Nos) and Pre-Fabrication Shops (2 Nos).
- Creating of Humidity Control Painting and Blasting Bays.



- Installation of EOT cranes in constructed Production Halls, Painting and Blasting Bays.
  - Augmentation of Pipe shop by Installing of CNC 3 Axis control Pipe Bending Machine.
  - Replacement of Old and BER Machines in Machine Shop with CNC controlled state of the art Lathe and Milling Machines.
- b) **Construction of Fleet Support Ships (FSS)**: Construction of FSS within the stipulated Navy timelines would require certain augmentation of the infrastructure. HSL has requested MoD (DDP) vide HSL letter BD/IA/FSSIAC/2020016 dated 09 Apr 2020 for sanction of 5% of AON cost ₹9045 crore of FSS Project amounting ₹ 452 crore in order to undertake planned augmentation of the existing infrastructure and creation of new facilities at HSL.
- c) **ERP Implementation**: As part of infrastructure up-gradation, implementation of SAP S4/HANA ERP solution comprising of under mentioned modules is in progress. The unique feature of this ERP system would be integration of Design software, Aveva Marine including its 3D features with an embedded PLM in SAP. This would be first time in any Indian Shipyard that Design software would be integrated with any ERP software through PLM.
- d) **Solar Power System**: HSL has undertaken clean and green energy initiatives by installing a 03 MW rooftop solar power system in the shipyard. This is the largest rooftop solar plant in Andhra Pradesh installed at a single location and will help HSL to save ₹ 1.00 crore in its energy costs, while reducing its environmental footprint. The entire project including design, supply, erection, testing, commissioning including warranty, operation & maintenance is being undertaken by M/s Clean Max without any operation and capital expenditure from the yard side and was executed under the Solar Energy Corporation of India (SECI) Rooftop Solar Scheme.

Details of Planned CAPEX for the next three years

Planned CAPEX (in ₹ crore)			Source of funding (Internal accruals /Govt. Funding/ Others)
2020-21	2021-22	2022-23	
15	160	205	Govt. funded and internal accruals

(8) **MDL**: Details of modernisation projects which are in progress at present are as under:

- a) **Submarine Launch Facility**: A submarine launch facility is being created to facilitate load out/launch of fully constructed Submarine in the Submarine

Assembly Workshop at Alcock Yard. On completion of the project, the launching of Submarines can be done independent of a dry dock. The project comprises of

- Hard Stand of the area in front of the Workshop up to the Quay Wall
- Fabrication of Lifting Beams
- Construction of a Floating Dry Dock (FDD)

The overall cost of the project will be approx. ₹320 Cr. The Submarines constructed will be transported out of the Workshop with the help of Lifting Beams and Self – Propelled Modular Transporter (SPMTs) and loaded on to the FDD. The Submarine loaded on to the FDD will then be taken to deep waters in the harbour and made afloat.

**Current Status:**

- (a) Hard Stand of the area in front of the Workshop up to the Quay Wall: Physical Progress - 35%, EDC: Dec 2021
- (b) Fabrication of Lifting Beams: Physical Progress - 100%
- (c) Construction of a Floating Dry Dock (FDD): NIL progress

**Security Complex (In progress):** An all new Security Complex is being constructed at the main entrance of MDL. This is a state of art building includes Capacity expansion plans of the company include Civil work (G + 2 Structure) and Security equipment, gadgets, access control etc. Total cost of the project will be approx. ₹36 Cr. This complex will accommodate key MDL departments such as Security, CISF, PRO, Safety, Fire, Estate, HSE and Control Room. EDC for the project is March 2022, Physical Progress as on date is 30%

MDL has prepared a prioritized CAPEX plan of ₹5012 crore for next ten years i.e. 2020-21 to 2029-30 and the same has been approved in principle by the Board. The proposed CAPEX plan mainly consists of creation of Integrated Deep-Water Shipbuilding & Repair Facility at MDL yards, creation of support facilities at Gavhan, modernisation of facilities at MDL viz. replacement of old Level Luffing Cranes, extension of slipway with installation of Goliath Crane and modernisation of existing infrastructure.

**Details of Planned CAPEX for the next three years**

Planned CAPEX (in ₹ crore)			Source of funding (Internal accruals /Govt. Funding/ Others)
2020-21	2021-22	2022-23	
80	100	150	Internal Accruals

- (9) **MIDHANI:** For widening the product portfolio and to make products more effective, MIDHANI is implementing an ambitious modernisation, expansion and diversification plan.

List of major projects at various stages of planning and implementation is given below:

*(All values in ₹. crore)*

Sl. No.	Name of the project	Estimated Cost	Impact of Modernization	Status
01	Wide plate Mill	460.00	Exclusive in-house facility for wide plates of various alloy type to improve the yield of the material.	Project under execution
02	New VIM 8T & related Facilities	40.00	Increase the Melting capacity to accommodate future demand of Special steel and super alloys.	Supply completed, commissioning yet to be done.
03	Casting Facilities	30.00	To increasing capacity for indigenous production.	Supply of Skull Melting Furnace under progress
04	Armor Project	50.00	State of art armour manufacturing facility is being setup at IMT Rohtak Products – BP Jackets, Vest, Shield, Morcha & Bullet Proofing of Vehicles.	Project under execution
05	Spring Project	28.00	To enter new markets – railways etc.	Commissioning under progress
06	Metal Powder Project	35.00	To capture India market for consultancy	Under tendering stage
07	Reheating Furnaces	10.00	Energy savings and capacity enhancement	Supply under progress
08	Critical Quality control equipment	6.50	State of art testing	Supply under progress

The above facility will enable MIDHANI to enhance the capacity, cost competitive, increase export market share and meeting the customer requirements with latest technology and equipment. Details of Planned CAPEX for the next three years

Planned CAPEX (in ₹ crore)			Source of funding (Internal accruals /Govt. Funding/ Others)
2020-21	2021-22	2022-23	
230	233	200	Internal accruals

5.8 As regards the impact of modernization on the production capacity, export and import substitution of products, the Ministry submitted as under:-

- (1) **HAL:** The planned increase in capacity is primarily in the area of helicopters manufacturing (LCH and LUH) and LCA manufacturing (8 to 16 per annum) and increase in capacity of overhaul of Su-30MKI aircraft (15 to 20 per annum) and AL-31FP engines (65 to 105 per annum) to meet the requirement schedule of Defence Forces. Manufacture of state-of-the-art products like LCA, ALH, LCH, LUH, HTT-40 etc. within the country helps avoid direct import to the extent of value addition by HAL thus furthering the import substitution efforts. Increase in capacity would also cater to the requirements of export.
- (2) **BEL:** The new infrastructure/technology that is inducted have a bearing on the production capacity. The increase in Value of Production/turnover year-on-year clearly justifies the objective of modernization. Up-gradation/Modernization of infrastructure setup in the recent past has enabled BEL to indigenously manufacture critical equipment/systems there by, minimizing the dependency on foreign OEMs. Some of the major systems like Integrated Air Command & Control System, Weapon Locating Radar, Cdr. TI Sights, Tropo Upgrade, Integrated Communication System, Ground Based Mobile Elint System, Low Intensity Conflict Electronic Warfare System, Electronic Voting Machines, Voter Verifiable Paper Audit Trail etc., are indigenously designed & manufactured. Around 87% of turnover on an average generated from indigenous technology by making use of in-house infrastructure/facilities, skilled manpower etc., reflects BEL's endeavor towards self-reliance.
- (3) **BEML:** Modernization of facilities helps in increased productivity, cost reduction and quality of products. Continuous upgradation of products and design & development of new products in line with International models enables competing with Global players and exports of products and import substitution.
- (4) **BDL:**
- **Production Capacity:** Capacity augmentation has been taken up for all Major projects of BDL for meeting the demands of the Armed forces. BDL has also achieved the capacity enhancement of Konkurs-M (ATGM). Capacity of the production lines of Akash Missiles has also been ramped-up. Due to Modernization of the plant and Machinery, the cumulative production capacity of ATGMs has been enhanced by more than 80%.
  - **Import substitution of products:** BDL is putting up determined efforts towards indigenization of ATGMs with the objective of self-reliance, reduction

of Foreign Exchange (FE) out flow and achieving cost reduction. Indigenization of products like Konkurs-M, Invar, Milan-2T has been achieved upto 95%, 78.6% (further indigenisation under progress) and 71% (due to contractual obligations) respectively.

- **Export of products:** Apart from regular supplies to Indian Armed Forces, BDL is also exporting Torpedoes to friendly neighbouring countries. Ministry is encouraging exports in a big way by issuing SOP on exports, ease of license to export. BDL has bagged 5 export orders (4 for Torpedoes and one for MR SAM Missile integration). BDL has executed two orders of torpedoes and balance three orders will be executed by 2021-22. BDL's modernisation efforts will be helpful for further export. Offset implementation also offers a major opportunity to achieve export targets. BDL has given thrust on Export of Weapon Systems. A Team of experts has been visiting friendly countries and briefing about our products. CCS has accorded clearance for export of AWS to nine countries.

BDL is also executing following programs under the MAKE IN INDIA category which will cater to the export market in addition to the Indian Armed Forces requirement.

- ✓ Akash Weapon System (AWS)
- ✓ Light Weight Torpedo
- ✓ CMDS
- ✓ Konkurs-M ATGM
- ✓ Milan-2T

(5) **GRSE:** Post modernisation of infrastructure in 2013, GRSE presently has the capacity to undertake construction of 20 Nos. of ships (08 large ships and 12 small ships) concurrently.

- **Details regarding construction of 08 Nos. Large Ships:** -04 Nos. Large Ships up to launching stage are being constructed in 02 Nos. Dry Docks and 02 Nos. Inclined Berths located at Main Unit of the company. Construction of 04 Nos. Large Ships for post launch Fitting-out & Trials up to delivery stage is carried out at 02 Nos. Jetties located at Fitting out Jetty (FOJ) Unit of the company.
- **Details regarding construction of 12 Nos. Small Ships:** -Construction of 02 Nos. & 03 Nos. Small Ships up to launching stage can be carried out in No. 01 & No. 2 Dry Dock of RBD Unit of the company respectively. Construction of 03 Nos. Small Ships for post launch Fitting-out & Trials up to delivery stage is taken up at 02 Nos. Floating Jetties (Ganga Jetty & Hooghly Jetty) located at Raja Bagan Dockyard (RBD) Unit of the company. In addition, Wet Basin and Western Jetty situated at Main Works Unit can accommodate 02 Nos. small

ships in each facility, in total 04 Nos. small ships, for post launch outfitting work.

The shipyard is progressing with its ambitious plans of revitalization and refurbishment of RBD which is planned to be completed by 2023 -24. After revitalization and augmentation of facilities at RBD, the shipbuilding capacity of GRSE will increase from 20 ships to 24 ships concurrently.

- (6) **GSL**: On completion of ongoing infrastructure augmentation Plan for MCMV, GSL will have the capability to build high technology GRP hull MCMVs indigenously with help of foreign technology provider. GSL will be the only Indian yard to have facility for series construction of MCMVs with GRP technology. In addition, this will also enhance the shipbuilding capacity of the Yard for steel ship construction. With the on-going modernisation plan, the capacity of the Shipyard will be enhanced by approximately three times of its present capacity.
- (7) **HSL**: The Refurbishment & Replacement of Machinery and Infrastructure (RRMI) activities are being taken up for replacement of old machinery and infrastructure. Augmentation of production capacity will be carried out for the future projects like Fleet Support Ships (FSS). Budget allocation will be worked out with the help of collaborator of these projects.
- (8) **MDL**: The Submarine Launch Facility will facilitate launching of Submarines directly independent of availability of deep dry dock and MDL shall not be dependent on Naval Dockyard or Dry Docks available with Mumbai Port Trust.

The construction of new Security complex will result in streamlining the flow of men and material due to which the material will be delivered in time and the bottlenecks in the logistics will get reduced, which will help in expediting the production activities related to Warship Construction.

Future modernization plan will help MDL accommodate vessels of larger dimensions and build Next Generation Destroyer for the Indian Navy. It will also cater for construction and repairs of large warships and commercial vessels.

- (9) **MIDHANI**: For widening the product portfolio and to make products more effective, MIDHANI is implementing an ambitious modernisation, expansion and diversification plan. The augmented facilities will enable MIDHANI to enhance the capacity, cost

competitive, increase export market share and meeting the customer requirements with latest technology and equipment.”

### **Achievement of Targets**

5.9 When asked to furnish data with regard to targets fixed and achieved during last five years for each DPSU, the Ministry furnished the following information:

“(1) **HAL:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

(₹ in crore)

Year	Target	Actual
2015-16	16000	16586
2016-17	16600	17950
2017-18	17600	18519
2018-19	18000	20008
2019-20	19200	21438

(2) **BEL:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

(₹ in crore)

Year	Target	Actual
2015-16	7050	7541
2016-17	7300	8825
2017-18	8600	10085
2018-19	9700	11789
2019-20	12000	12608

(3) **BEML:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

(₹ in crore)

Year	Target	Actual
2015-16	3800	2981
2016-17	3150	2499
2017-18	2900	3246
2018-19	3000	3481
2019-20	3500	3029

The Company could not achieve the MoU targets during 2014-15 to 2016-17 due to the Market Situation and Business Environment arised in Mining & Construction Business Group, Constraints in execution of Orders in Defence Business and No Rail Coach Order in Rail & Metro Business Group. The detailed reasons are as under:

**Mining & Construction vertical:**

- ❖ Recession in Mining & Construction segment both in domestic and global markets. Due to the above production was moderated, considering FGI on hand and aligning with market requirements which had direct impact on profitability.
- ❖ Delay in tenders from Coal India Limited and its subsidiaries.
- ❖ Rope Shovel and Walking Dragline equipment Business was lost as our collaborator Company was taken over by our competitor. However, we are pursuing with Coal Companies for development of indigenous Rope Shovels.

Due to the above, Mining & Construction Business was down by almost ₹ 250-300 crore compared to previous years.

**Defence vertical:** The constraints faced in the Defence vertical continued to severely affect the Business. The reasons attributable are as follows:

- ❖ Inconsistency in supply orders and Low volume of Orders.
- ❖ Non-receipt of bulk production clearance for Sarvatra.
- ❖ The constraints in respect of Armoured Recovery Vehicle (ARV) contract execution.
- ❖ Delay in BPC for supply of Command Post Vehicle.

Due to above constraints in Defence Business, Company's turnover was down by more than ₹ 250 crore.

**Rail & Metro vertical:** The Rail & Metro Business that had achieved a sales turnover of ₹1370 crore in the year 2013-14 (44% of Company's turnover) dropped down to a turnover of ₹ 567 Cr. in 2016-17 (20% of the Company's turnover). The reasons are due to the following:

- ❖ The Company also depends on orders for Rail Coaches, EMUs & OHEs from Indian Railways and used to execute over 600 Nos. valued around ₹ 400 crore. with a contribution of over 100 Cr. against an established capacity for producing around 720 coaches every year. From the year 2014-15, no Rail coach order were placed to BEML which severely affected the financial of the Company.
- ❖ BEML has executed sub-contract order of DMRC RS-10 from the year



2016-17 with free material supply due to which there was no increase in top-line.

For the year 2019-20, the spread of COVID-19 Pandemic and subsequent lockdown in the last week of March 2020, has impacted the Company's turnover and production due to the closure of Company's manufacturing facilities, disruption in spares & service business, non-receipt of materials due to global Covid impact even before the lockdown in the Country on account of supply chain disruptions, restrictive movements / non-availability of required trailers etc.

(4) **BDL:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

(₹ in crore)		
Year	Target	Actual
2015-16	3740	4160
2016-17	4400	4867
2017-18	5300	4588
2018-19	4600	3069
2019-20	4200	3095

**For the Year 2018-19: Reasons for not achieving the target is as follows:**

- i. **Akash SAM:** As a part regular batch acceptance test, Booster Grain was static tested whose results were not satisfactory. Based on the recommendation of Failure Analysis Board (FAB), the production of Booster grain at supplier end and integration of Missiles at BDL was put on hold. Subsequently production of Booster Grains based on acceptance criteria given by Failure Analysis Board (FAB) stated and integration activity at BDL commenced in August 2017.

Further in a similar batch acceptance static test conducted for the other explosive item "Sustainer Grain" Oct/Nov 2017, the grains underperformed and Failure Analysis Board (FAB) was again constituted. The FAB has concluded and recommendations were accepted by Competent Authority and production progressed in BDL. Due to above technical reason, BDL could not meet the set target.

- ii. **Konkurs-M:** Partial availability of explosive items limited supply for the year 2018-19. The Orders were placed on OEM for supply of Explosive items. Partial supplies were received and to that extent missiles completed. Due to above technical reason, BDL could not meet the set target.

**Reasons for not achieving the target For the year 2019-20 are as follow:** The reasons for unachieved targets are the numerous delays that arise in receipt of input material from sub-contractors etc. Another reasons for delay is that there are several occasions when the project Team of DRDL modify the design from time to time as per the requirement.

- i. **Akash GSE:** Because major portion of Ground Support Equipment were executed in 2018-19 itself and the balance order book of GSE amounting to ₹257 crore executed in 2019-20. There is no further order.
- ii. **Milan -2T and Refurbishment:** During 2017-18, BDL had firm order of Milan 2T and Refurbishment whereas in 2018-19 there was no firm order of Milan-2T and Refurbishment. Further Order for Milan-2T and Refurbishment is awaited.

(5) **GRSE:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

Year	Target	Actual
2015-16	1890	1660.75
2016-17	1800	921.77
2017-18	1350	1349.66
2018-19	975	1386.42
2019-20	1425	1433.30

**Reasons for unachieved targets:**

- **Reduction in Turnover during FY 2016 -17.**
  - (a) Reduction in Value of Production (VoP) is due to the fact that the current projects were in final stages of execution, wherein, conventionally the rate of increase of Value of Production tends to saturate.
  - (b) The shipyard delivered four (04) ships instead of six (06) planned during the financial year 2016-17.
  - (c) Moreover, there was also delay in the delivery of ASW Corvette and LCU projects.

The reasons of delay in delivery of Mk-IV, LCU project are enumerated below: -

- ✓ Numerous Design Challenges were observed in the sea trials and major modification of the underwater hull was undertaken. This was followed by a series of sea trials leading to delay in the delivery of the first LCU.
- ✓ Cascading effect of the first ship on other ships of this series.

- ✓ Failure of the customer nominated vendors to work concurrently on multiple ships, major modifications / defect rectification by OEMs for proving their equipment as well as delay in readiness of modular compartments, CO<sub>2</sub> System and IPMS Systems by the Indian Navy nominated firms were the major reasons towards delay in delivery of Mk-IV, LCU project.

Delay in delivery of P-28 (3<sup>rd</sup>& 4<sup>th</sup> ships) Anti-Submarine Warfare Corvette are for the following reasons

- ✓ Introduction of Carbon Fibre Superstructure by the Indian Navy for the first time on any warship of India was taken up for the 3<sup>rd</sup>& 4<sup>th</sup> ASW Corvettes and the shipyard faced numerous technological challenges for integration of the same with steel structure which resulted in significant delay.
  - ✓ Cascading effect of previous ships of this Class.
  - ✓ Delay due to inadequate support by DCNS, France
  - ✓ Delayed supply of Pole Mast Adaptor by SAAB.
  - ✓ Delay in the readiness of CO<sub>2</sub> System and Diesel Generators by the Indian Navy nominated Firms.
  - ✓ Additional requirement of Indian Navy for completing weapons and sensor trials before delivery.
  - ✓ Approval of a large No. of modifications at the last stage to be completed before delivery.
- (d) Cascading effect of above substantially reduced progress of other ships of the above projects thereby affecting VOP.
- (e) The VOP target of Portable Steel Bridges could not be met as GRSE did not receive the targeted orders.
- (f) The VOP target of DEP Ranchi also could not be achieved due to non-receipt of order for Overhauling & Testing of Marine Diesel Engines of INS Topaz.
- (g) The VOP target of Deck Machinery could not be achieved due to non-receipt of order for Rail Less Helo-Traversing system for P-15B ships for MDL.

(6) **GSL:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

(₹ in crore)		
Year	Target	Actual
2015-16	620.00	725.96
2016-17#	760	1055.45
2017-18	1000.00	1373.43
2018-19	950	905.61
2019-20	905	931.27

**Note:** The target for turnover was fixed in terms of Value of Production (VoP) upto FY 2015-16.

# From FY 2016-17 onwards, the target for turnover was fixed in terms of Revenue from Operations which is equal to the sum of Value of Production and Other Operating Income.

**Reason for not achieving target for FY 2018-19.**

- (i) Early delivery of SLN OPV-2 in FY 2017-18 which was contractually scheduled to be delivered in FY 2018-19 for which VoP was accounted for FY 2017-18 which otherwise would have been accounted in FY 2018-19.
- (ii) Saving on the SL OPV project on account of savings in material/service cost which has to be recognised at the end of the project in the financial year in which the project is concluded, was accounted in FY 2017-18 which otherwise would have been accounted in FY 2018-19.

(7) **HSL:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

(₹ in crore)		
Year	Target	Actual
2015-16	650	593.29
2016-17	600	629.04
2017-18	600	644.78
2018-19	620	595.00
2019-20	700	573.54

- (a) The decrease in Value of Production during FY 2018-19 is mainly attributable to extremely low shipbuilding order book position of ₹ 132.17 crore.
- (b) The decrease in Value of Production during 2019-20 is mainly because the ongoing projects 2 Nos. Diving Support Vessels, 4 Nos 50 T Tugs and 3 Nos Flap Gates are

at the initial stages of construction and not much revenue can be realized. It is pertinent to mention that even with this low revenue, HSL could achieve a net profit of ₹ 13.03 crore and operating profit of ₹ 8.16 crore during 2019-20. This could be made possible due to increase in productivity, decrease in overheads and various expenditure control and austerity measures adopted by the company.

(8) **MDL:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

(₹ in crore)

Year	Target	Achieved
2015-16	3,675	4122
2016-17	4100	3530
2017-18	4500	4410
2018-19	4500	4614
2019-20	4700	4978

Targeted revenue was not achieved in 2016-17 and 2017-18 due to delay in scheduled equipment delivery for ongoing projects

(9) **MIDHANI:** Revenue targets fixed in the MoU and actuals for the last five years are depicted below:

(₹ in crore)

Year	Target	Achieved
2015-16	650	716.50
2016-17	700	773.28
2017-18	780	661.69
2018-19	750	710.85
2019-20	800	712.88

### **Production in DPSUs**

5.10 The Committee desired to be apprised of the details of DPSUs which are facing the problem of lack of orders resulting in decline in production in the current/coming years. In this regard, the Ministry of Defence submitted as under:-

“(1) **HAL:** The major part of existing orders for supply of aircraft and helicopters will be liquidated shortly with the major manufacturing order of Su-30MKI being completed in 2020-21. The 12 additional Su-30MKI order under process needs to be expedited to avoid production break-up considering the raw materials/LRUs ordering lead time.

There is no firm order currently available on the company beyond 2021-22. However, the 83 LCA Mk1A order is a great help to reverse this trend of declining production in the fixed wing segment. Added to this the 15 LCH order is also awaited in the immediate future with the production progressing based on the LOI from services.

However, in the rotary wing segment, HAL has an established production capacity of 24 helicopter per annum. Additionally, the Tumakuru facility is also being set up with a planned annual capacity of 30 helicopter per annum in the first phase. The present available firm orders for helicopters are getting completed by 2022-23. If sufficient orders are not available in time, HAL rotary wing facility faces the threat of idling starting from next year onwards. Even the operationalization at the Tumakuru plant is dependent on the orders for Light Utility Helicopter (LUH). LUH has attained operational clearance from IAF and Army version clearance is expected shortly. Also, additional orders for the series production phase for LCH beyond the current 15 in the pipeline as well as more orders for ALH platform may be expedited to utilise the established capacity at HAL as well as at the supply chain partners in the Indian Private sector.

The Transport Aircraft Division, Kanpur facilities are at the verge of idling as the available firm orders for Do-228 are being completed in 2020-21. Do-228 variant is also civil certified, and thus can be used for UDAN scheme.

HAL Aircraft Division Bangalore has completed production orders of Hawk and the assembly line is idling. Further, HAL has also indigenously upgraded the Hawk platform with incorporation of weapons, avionics, RTOS etc. This is HAL's internally funded program offering the Indian Armed Forces an upgrade and combat capability for the Hawk, transforming it into an Advanced Jet Trainer providing training on sensors and weapons in peacetime into a potent combat platform during conflict. Recently Smart Anti Airfield Weapon (SAAW), the indigenous stand-off weapon system, was test fired successfully from the upgraded Hawk aircraft. HAL awaits production order for Hawk aircraft and fleet upgrade order for the same.

Also, with completion of SU-30MKI aircraft production, further order for AL-31FP engines will be required immediately to HAL Engine Division at Koraput, to avoid production break.

HAL is expecting additional orders for on-going programs like ALH, Hawk, Do-228 & SU-30 MKI and fresh production orders for new platforms like Do-228 Civil variant, LCH, HTT-40, LUH and indigenously upgraded Hawk and orders for engines. These anticipated orders once materialized would help in sustaining the growth of organization in the coming years.

- (2) **BEL:** BEL has a robust order book of around ₹54750 crore and likely to grow further in coming months. At present, BEL does not envisage any decline in production in the current/coming years.
- (3) **BEML:** At present, BEML Limited is having an order book position of over ₹ 12,000 crore which will be executed by 2023-24. Further orders are required from MoD and Indian Railways for having continuity in production and low utilisation of National facilities.

As far as BEML Limited is concerned the orders received from MoD in the last 3 years is as below:

Year	Value of Orders (₹ crore)
2016-17	145
2017-18	64
2018-19	Nil
2019-20	45
2020-21 (till date)	1803

Further, constraints regarding execution of ARV project are being resolved and order worth ₹ 1400 crore. will commence from 2021-22 onwards and completed by 2024-25.

- (4) **BDL:** BDL has several orders on the pipeline which are under various stages of finalization & BDL is expecting to receive these orders. The current order position is 8100 crore.
- (5) **GRSE:** The Order Book position of GRSE is ₹ 26,189 crore pertaining to 05 ongoing major shipbuilding projects of Indian navy and Indian Coast Guard. However, with delivery of 8<sup>th</sup> Landing Craft IN LCU L-58 (Last Ship of the LCU Project) to Indian Navy on 31<sup>st</sup> Dec 2020 and the scheduled delivery of 01 No. Fast Patrol Vessel to Govt. of Seychelles in Jan 2021 the shipyard will be left with 03 projects totaling 15 warships (03 Nos. P-17A Advanced Stealth Frigate, 04 Nos. Survey Vessel Large and 08 Nos. Anti-Submarine Warfare Shallow Water Craft for Indian Navy) against capacity of concurrent construction of 20 ships. Therefore, more orders will help the shipyard to utilise its capacity fully.

After two years, GRSE will be engaged in **pre-launch construction** of 01 P17A and 02 P-17A & 02 Survey Vessel Large ships will be undergoing **post-launch**

**construction.** The first ASW SWC will utilize post launch facility at Main Works for 02 months post Final Machinery Trial. Accordingly, utilization/spare capacity details are given below:

	Pre-launch		Post -launch	
	Utilisation	Spare capacity	Utilisation	Spare capacity
Large ships	1	3	4	0
Small/medium ships	1	4	1	6

Most of the facilities will be idling after two years, if new orders are not received in the near future.

**Future Planning for Utilisation of Capacity:** In order to keep the facilities engaged, GRSE is bidding aggressively for shipbuilding orders against the RFPs being floated by Indian Navy and Coast Guard. Further, in order to fully leverage the expertise acquired, GRSE has also taken up with Ministry (MoD) for awarding orders for one additional P-17A Frigate and Next Generation Corvettes (NGC) project based on GRSE's capabilities and experience.

- (6) **GSL:** GSL is presently executing the Missile Frigate project and 05 Coast Guard Offshore Patrol Vessel project with balance executable order book of approx. ₹ 14,000 crore While the 05 CGOPV order will be liquidated by Oct 2021, Missile Frigate deliveries are scheduled in 2026-27, construction of which is in preliminary stages. GSL has emerged L1 bidder in the tender issued by Indian Coast Guard for 02 Pollution Control Vessels. The contract for the same is likely to be concluded by February 2021. Additionally, Shipyard has also concluded the contract for supply of 12 specialized boats to Indian Army. These orders will ensure sustainability of the Yard in near future. Mine Counter Measure Vessel order is also awaited from Indian Navy.
- (7) **HSL:** The order book position of HSL is low when compared with other Defence shipyards resulting in under-utilization of the installed capacity of the shipyard. The balance order book value is ₹ 2418.27 crores on 31 Dec 2020 and it comprises of the following projects: -

Sl. No	Project	Balance Order Book (₹ crore)
1	VC 11184	10.82
2	2 Nos Diving Support Vessel for Indian Navy (VC 11190-91)	2313.74
3	4 Nos 50T BP Tugs for Indian Navy (VC 11192-95)	87.51
4	3 Nos Flap Gates for Naval Dockyard	6.20



	(Visakhapatnam) (VC 11196-98)	
	<b>Total</b>	<b>2418.27</b>

- (a) The balance orders are scheduled to be completed by end of Mar 2023. HSL is vigorously participating in all competitive tenders issued by Indian Navy, Coast Guard, other Govt / private organizations in order to secure more contracts and thereby improve declining order book position.
- (b) Idling of Submarine refit facilities of HSL. The Normal Refit of INS Sindhuvir has been completed by HSL on 31 Jan 2020 i.e. 9 days ahead of the contractual schedule of 09 Feb 2020. Since then, the submarine refit facilities of the shipyard are lying idle. HSL has requisite capability, infrastructure & spare capacity for executing EKM class submarine refits. As part of capability enhancement, HSL has signed a comprehensive MoU with USBC of Russia to provide complete technical-logistics support for such works / refits / upgrades. HSL has requested IHQ, MoD (N) to consider the shipyard for issue of RFP for MR-MLU/MR/NR/SR of all Russian origin ships/submarines. It is understood that Indian Navy has proposed to send 4th EKM submarine (INS Sindhughosh) also to Russia for MRLC. HSL vide letters SM/SSS/BDVP/1200 dated 15 May 20 and CMD/DO/10/2020 dated 27 May 20 has recommended same to be undertaken in India for optimal utilization of indigenous capacity and obtaining ToT, as required in line with GoI policy of Self Reliance 'AtmaNirbhar Bharat' and Make in India. HSL is putting its best efforts to bid for MRLC of 4th EKM submarine 'INS Sindhughosh'. It is requested that the MRLC of 4th EKM Submarine may please be undertaken in HSL / Indian Shipyard and not send it to Russia. This will support the objective of Make in India policy of GoI, provide encouragement to MSMEs and will also help in retaining the expertise developed in refit of EKM class submarines and optimum utilization of idling submarine refit facilities of the shipyard.
- (8) **MDL:** MDL yard in Mumbai has an in-house capacity to undertake simultaneous construction of 10 Ships and 11 Submarines in different stages post modernization. Currently 8 warships and 4 Submarines are in different phases of Construction / Trials. The various stages and associated locations for concurrent build of ten (10) frontline warships is tabulated below:

<b>Warships</b>	
<b>Activity</b>	<b>Qty (Nos)</b>
Production / Fabrication in Shops	3
Block Assembly on Slipways	3
Structural Outfitting in Dry Dock	1

Engineering Outfitting in Wet Basins	3
A <b>Total Warships</b>	<b>10</b>

Against capacity of 11 Submarines, only 04 are under construction/Trials at MDL. Out of these 04, 01 Submarines is planned to be delivered in February 2021. MDL has capacity for making conventional submarines as well as can undertake strategic Submarine products.

**Idling Capacity (Spare Capacity)**

**Shipbuilding** – As regards to shipbuilding division of MDL, fabrication and assembly facilities have started idling from the current year and will gradually increase further. Considering the completion of existing ship construction projects in phased manner in the next 4 to 5 years, the idling of ship construction facilities and infrastructure would increase to a substantially high level.

**Submarine** – Many of our infrastructure facilities are idling, awaiting fresh orders. Currently, several facilities are idling viz. Pressure Hull Facilities of Submarine (**from 2012**), the work related to Structural Fabrication & Structural Outfitting is reducing since mid-2014 and facilities are idle from December 2020. Also, infrastructure like Cradle Assembly Shop and Submarine Section Assembly workshop remains un-utilized due to lack of fresh orders. This would further lead to loss of critical skill sets developed for Submarine and will stifle the trained workforce of various local vendors developed. Construction of 6 Submarines which will be completed by year 2024 and thereafter infrastructure created with approx. investment of ₹ 1000 Cr. By Govt. of India will be unutilized and idle.

**Balance Capacity** – MDL has an in house capacity to undertake simultaneous construction of 10 ships and 11 submarines at various build stages. Considering the status of ongoing projects, MDL can immediately undertake construction of 4 more warships and 7 more submarines. This will help MDL to fully leverage the very high learning curve available to the highly skilled personnel of the yard.

- (9) **MIDHANI:** MIDHANI has currently healthy order book position of around ₹ 1688.72 crore. Break up of order book position is as below:

SI. No.	Sector	Order Book (₹ crore)
1	Space	1137.89
2	Defence	382.64
3	Energy	144.62
4	Others	23.57
	<b>TOTAL</b>	<b>1688.72</b>

“

5.11 When asked to enumerate the steps that have been taken to arrest decline of production in DPSUs, the Ministry of Defence submitted as under:

“The department has taken steps to create an enabling policy environment to enhance defence production in the country. These are:

- (i) Ministry of Defence has notified a ‘Negative list’ of 101 items for which there would be an embargo on the import beyond the timeline indicated against them. This is a big step towards self-reliance in defence. This would offer a great opportunity to the Indian defence industry, especially the DPSUs to manufacture these items using their own design and development capabilities to meet the requirements of the Armed Forces.
- (ii) **Defence Acquisition Procedures (DAP-2020):** The new Defence Acquisition Procedure (DAP-2020) has come into the effect from 1<sup>st</sup>October 2020. It is framed to simplify the defence procurement procedure and to achieve the objective of self-reliance. The procedure aims to promote indigenous design and manufacturing of defence weapons in a time bound manner. Some of the Salient Points of DAP-2020 are listed below.
  - ✓ **Overall Enhancement in Indigenous Content (IC):** Indigenous Content of various categories has been increased by 10%. This has been done to improve the indigenous content in the defence production.
  - ✓ **New Category called Buy (Global – Manufacture in India)** has been introduced. The items under this category will hold a minimum of 50% indigenous content on the cost basis of the total contract value.
  - ✓ Introduction of Make-III in DAP 2020.
- (iii) In Defence Procurement Procedure 2016 under Capital Acquisition, preference is being given to Buy (Indian- Indigenously Designed, Developed and Manufactured).
- (iv) A Model EoI-cum-RFP for engaging consultants to devise a Business-cum-Growth plan has been conveyed to all DPSUs. The EoI-cum-RFP is expected to be issued by each DPSU by the end of January, 2021.
- (v) **Reforms promoting defence exports:**
  - a) Scheme for funding marketing activities by Defence Attaches for promoting exports.
  - b) Allocation of specified geographies to each DPSU for promoting defence exports.
  - c) Scheme for testing and certification of industry goods for export.
  - d) Grant of “Fit for Indian Military Use” certificate to eligible industry to facilitate export.
  - e) Fully automated export portal and electronic sharing of export leads with relevant industry.

- f) Dispensing with the requirement of End User Certificate by Government for exports of parts/ components.
- g) Simplified procedure for tender, exhibitions, testing, etc.
- h) SOP formulated to facilitate exports of 'Munitions List' under category 6 of SCOMET by DGFT.
- i) Streamlining export using Line of Credit for items already sold to Indian military.
- j) Open General Export Licence (OGEL) for export of certain parts & components and intra-company transfer of technology to select countries. The OGEL is a one-time export licence to be granted to a company for a specific period (two years initially)
- k) Inclusion of points for defence exports in MoUs with Defence PSUs and fixation of annual export targets.

(vi) **Defence Offset Reforms:**

- l) Claims for defence offset were pending from 2005 onwards without resolution. With regular follow up and monitoring, the work pending for nearly 15 years was completed addressing a major complaint of defence industry in the country.

	Till 31.3.2018	Till Oct 2019	Till Oct 2020
Offset Discharge Claims	2240 Mn. USD	2590 Mn. USD	3275 Mn. USD
Offset Claims verified and communicated	88 Mn. USD	1595 Mn. USD	2471 Mn. USD

- m) DDP has also launched a Defence Offset Portal for end-to-end online system for submission & processing of offset claims. All offset claims, w.e.f. May 1, 2019, will be received electronically in DDP.
- n) Defence Offset Guidelines 2020 have been promulgated on 30<sup>th</sup> September 2020 as part of the Defence Acquisition Procedure 2020. The thrust of the Guidelines is to have enabling provisions to attract investments and technology through offsets to enhance capabilities in the domestic Defence manufacturing sector.

(vii) **Reforms promoting indigenization:**

- o) Simplified Make-II Procedure notified in Feb 2018. So far, 55 proposals valuing about ₹ 30,000 crore have been accorded AIP (Approval in Principle). Further, under Make-II Procedure, Standard Operating Procedure (SOP) for consideration of 'suo-motu' proposals of Capital Acquisition has been introduced

in June 2018. The DPSUs & OFB have accorded approval of items to be taken up for indigenization under 'Make-II' framework as per details below:

<b>DPSU</b>	<b>No. of projects</b>
HAL	458
BEL	39
BEML	850
BDL	11
GRSE	1
GSL	1
HSL	2
MDL	1
MIDHANI	10
<b>TOTAL</b>	<b>1373</b>

- p) Insertion of points in MoU of Defence PSUs for indigenization.
- q) New Policy for Indigenization was notified on by Department of Defence Production on 08 March, 2019 with the objective "to create an industry ecosystem. It is estimated that Defence PSUs will reduce the import bill more than ₹ 15000 Cr. by 2022 through indigenization of products and processes.
- r) Department has developed an Indigenization Portal ([srijandefence.gov.in](http://srijandefence.gov.in)) for uploading the data of imported defence items by the DPSUs & OFB. Private Industry can show their interest in indigenising these items where they have capability to manufacture. As on date, more than 6000 defence items have been uploaded on the portal having approximate value of ₹ 10,500 crore. Private industry has expressed interest in indigenising 1209 items
- s) **Long Term Orders** - "Framework for placing Long Term Orders by DPSUs" has been approved by Hon'ble RM on 04 Nov 2019. Under this Framework, the procuring organization may aggregate demand of the item for a long period of upto 10 years, in cases where it finds challenges in indigenization.
- t) **Testing and Certification** - MoD/DDP has issued Government Orders for testing of items being indigenized/ priority in testing and certification on 28Aug 2019. It covers aspects like use of test facilities for R&D without asking for End User Certificate, fixation of insurance cost, transparency in declaration of test results and minimizing delays.
- (viii) **Reforms towards ease of doing business in defence:**
- u) Third Party Inspection system approved in Land Systems and Aero platforms for effective administration of inspection function of out-sourced work with involvement of third parties for inspection services.

- v) Scheme for awarding self-certification approved wherein Defence PSUs and Pvt. Industry have been delegated the responsibility of certifying the quality of products to the manufacturer on behalf of purchaser.
  - w) Department of Defence Production has notified 46 items under the latest Public Procurement Order 2017 notified by Department for Promotion of Industry and Internal Trade (DPIIT), for which there is sufficient local capacity and competition and procurement of these items shall be done from local suppliers only irrespective of the purchase value.
- (ix) **Supporting Technology, Innovation, Research and Development in DPSUs**
- ✓ **Developing IP Culture in Defence PSUs and OFB:** Mission Raksha Gyanshakti, launched in 2018-19, with the objective of creating greater Intellectual Property in defence production ecosystem, is able to train more than 12000 persons and file more than 1000 IPs.
  - ✓ **Creation of Defence Artificial Intelligence Project Agency (DAIPA):** Created in March, 2019 for greater thrust on AI in defence. AI roadmap formulated for each Defence PSU and OFB. About 25 new AI Technologies are being developed by DPSUs and OFB, out of which 14 AI enabled products have been developed by the DPSUs.
  - ✓ Insertion of points in MoU with Defence PSUs for Research and Development.”

### **Defence Exports and Imports by DPSUs**

5.12 The Committee have learnt that steps taken by the Ministry of Defence to promote defence exports include setting up of export promotion cell, expansion of role of Defence Attaches, creation of export action plans and strategies for all DPSUs and Ordnance Factories Board (OFB), formation of Standard Operating Procedures (SOPs) for export promotion by DPSUs/ OFB in specified geographies, regular webinars with friendly Foreign Countries establishment of institutional arrangement for faster export clearances.

5.13 The Committee have also learnt that following measures have been taken for reducing compliance burden in Exports:

- Online Portal for receiving export applications and issuing authorisations

- Steps taken to rationalize the Standard Operating Procedure (SOP) for reducing the time taken and cut down delays.
  - ✓ Average time taken for issuance of Authorisations : Platforms-35 days; Components – 13 days
  - ✓ Time taken to dispose off applications-almost half in comparison to the year ending 2018.
  
- Online Portals to be launched soon:
  - ✓ Open General Export License
  - ✓ Import License

5.14 The value of defence exports and imports as submitted by the Ministry over the last three years in respect of each DPSU and efforts being made/contemplated for indigenization of defence production are as under:

“(1) **HAL:** Defence export over the last five years is indicated below:

Year	Export	Import
FY19-20	155	7135
FY18-19	211	7679
FY17-18	149	6225
FY16-17	240	6326
FY15-16	255	7335

HAL has taken many steps for indigenization of defence products under Make in India / Atmanirbhar Bharat in line with Govt initiatives to encourage private participation for promoting domestic manufacturing capabilities of defence equipment in the country. These initiatives will help in reduction in import content and encourage/ create local aerospace ecosystems in the country. Following are the efforts being made/contemplated for indigenization of defence production by HAL:

- Indigenisation through Make-II' Procedure
- Hosting of Govt Test Facilities for utilization by Private Vendors
- Uploading of imported items in Srijan Defence Portal
- Participation in Defence Industrial Corridors
- Hosting of items in HAL Website
- Implementation of Third-Party Inspection (TPI)
- Special Focus on MSME
- Implementation of Public Procurement (Preference to Make in India) Order
- Organizing/participation in exhibitions/ seminars
- Support to Vendors

(2) **BEL:** The value of Defence exports during last five years is furnished below:

(₹ crore)		
Year	Export	Import
FY19-20	281	3356
FY18-19	79	3200
FY17-18	102	2213
FY16-17	360	2284
FY15-16	470	1784

**Indigenization Efforts:** In line with Government's "Make in India" policy, BEL has been taking several initiatives to achieve Self-Reliance through strong thrust on In-house R&D and Indigenization, Increased outsourcing from Indian Private industries, Public Private Partnerships, Joint Ventures, Capacity expansion, Infrastructure Development and modernization etc. Major initiatives taken towards achieving the goals of indigenization & self-reliance include:

- Continuous product development through In-house R&D efforts, Joint development by partnering with DRDO, National R&D Labs & Academia and Collaborative R&D partnership with Indian private sector (MSMEs) & foreign OEMs/Design houses.
- ToT based In-depth manufacturing from foreign OEMs.
- Import substitution of critical sub-systems through in-house/domestic vendor development.
- New Joint Venture Company with Thales, France (BEL-Thales Systems Limited) for manufacture of Civil & select Defence Radars (Air Traffic Management, Air Surveillance, Multi Static Passive, Over the Horizon etc.).
- Execution of projects through public private partnership
- R&D Investment of 9% of turnover. To be increased to 10% progressively in next 3 years
- Three years R&D plan for Indigenous development
- 375 Patent Applications Filed and 10 Granted.
- ToT for XR-5 high end Image Intensifier Tubes used in Night Vision Devices being inducted.
- Compliance to Public Procurement Policy.
- Added 18200 Domestic vendors including 2900 MSMEs in Approved Vendor Directory.
- Long term Outsourcing & Indigenization Policy
- Test facilities for use by Indian Private entities



- Exclusive Web-link on Make in India created in BEL Website listing Items for Indigenization, Items for Procurement from MSMEs, Test Facilities, Collaborative R&D, Start-ups etc.
- Development under Make-II Procedure

(3) **BEML:** The details of total exports and imports for the Company for the last five years is as follows:

(₹ crore)

Sl. No.	Year	Exports (including Deemed Export)		Imports
		Defence	Non-Defence	
1	2015-16	-	275*	619
2	2016-17	-	30	565
3	2017-18	-	28	602
4	2018-19	-	19	884
5	2019-20	-	14.50	674

- To boost indigenous content, BEML has entered into ToT with renowned MNCs for local production of High Mobility Cabin and plans are afoot for entering into JV for defence spares & aggregates, & high value metro car aggregates.
- For improving the geo-strategic reach and increasing exports, BEML is working on various business opportunities in Defence, Mining & Construction and Rail & Metro segments in SAARC and Africa.
- BEML is in continuous discussion with Indian Embassies / DAs w.r.t. business promotion / Engaging Local Representative and has already appointed representatives in Bangladesh, Tunisia, Cameroon, Thailand and in the process of appointing more representatives across the globe. Also, BEML is conducting various Webinars and e-meetings through Indian Mission abroad to promote BEML Products. Webinars have been conducted through Indian Mission in countries such as Kenya, Senegal, Zambia, Sri Lanka, Saudi Arabia, Abu Dhabi, Oman.
- BEML is in the process of opening branch office in Kenya. BEML has appointed legal consultant and forwarded the necessary documents for registering BEML branch office at Kenya.

(4) **BDL:** The value of Defence Exports and Imports during last five years is furnished below:

(₹ in crore)

Year	Export	Import
FY19-20	171	257
FY18-19	66	413
FY17-18	Nil	362
FY16-17	Nil	388
FY15-16	Nil	570

(5) **GRSE:** The value of Defence Exports and Imports during last five years is furnished below:

(₹ in crore)

Year	Export	Import
FY19-20	1.00	99
FY18-19	4.55	80.04
FY17-18	3.89	132.06
FY16-17	0.26	74.29
FY15-16	0.02	213.19

(6) **GSL:** GSL's exports and import over the last five years are detailed below:

(₹ in crore)

Year	Export	Import
2019-20	0.87	234.06
2018-19	14.54	226.36
2017-18	607.20	90.82
2016-17	360.58	180.31
2015-16	191.43	387.42

(7) **HSL:** The value of Defence Exports and Imports during last five years is furnished below:

(₹ in crore)

Year	Export	Import
2015-16	Nil	159.63
2016-17	Nil	65.18
2017-18	Nil	72.84
2018-19	Nil	92.04
2019-20	Nil	121.00

(8) **MDL:** The value of Defence Exports and Imports during last five years is furnished below:

Year	(₹ in crore)	
	Export	Direct Import
2015-16	Nil	1966
2016-17	Nil	1726
2017-18	Nil	1733
2018-19	Nil	1554
2019-20	0.11	1503

- MDL has set-up a dedicated Department of Indigenisation in Oct 2015 to boost and strengthen the indigenisation effort and to provide focused impetus to the Hon'ble Prime Minister's vision of "Make-in-India". MDL has launched a separate "Atmanirbhar Bharat" Webpage in MDL website as a part of Atmanirbhar Bharat Week. The process of indigenisation, various items/equipment indigenised, items required to be indigenized (Eols) are displayed under the webpage. The webpage is being regularly updated.
- MDL Board has approved MAKE II procedure and the same is incorporated in MDL Purchase Manual in May 2019.
- MDL has hosted 518 imported items around ₹ 2050 crore on the MoD/DDP initiated website [www.srijandefence.gov.in](http://www.srijandefence.gov.in). MDL is interacting with the Indian firms showing interest in listed products.

(9) **MIDHANI:** Export and Import data of last five years is as below

Year	(₹ in crore)	
	Export	Import as % of VoP
2019-20	10.42	30.6
2018-19	8.05	41.2
2017-18	0.15	16.1
2016-17	Nil	18.4
2015-16	Nil	24.6

## **Infrastructure in DPSUs**

5.15 When asked whether each of the Defence PSU has requisite infrastructure for manufacturing and producing state-of-the art products, the Ministry of Defence submitted as under:

“(1) **HAL:** HAL has the requisite infrastructure for manufacturing and producing state-of-the-art products both in Rotary Wing (Helicopters) and Fixed Wing (Fighter/Trainer/Transport aircraft)) segment. It has got 20 Production divisions and 10 R&D centres.

In Rotary Wing segment, HAL is currently producing Advance Light Helicopter (ALH), Cheetah, Chetak and Cheetal. HAL has produced more than 300 ALH which are used by Defence Services. HAL has also started production of limited series production (LSP) of dedicated attack helicopter LCH. HAL is also gearing for production of LUH helicopters from the New Helicopter Factory at Tumakuru. The new Helicopter factory is being established in a land area of 615 acres with Industry 4.0 norms and will cater to production requirements of all future helicopters including LUH. HAL has also taken up design and development of Indian Multirole Helicopter (IMRH) which is a 12-ton class helicopter, planned for both military and civil roles. The IMRH will replace Mi-17 fleet of services.

In the Fixed Wing Segment, HAL is currently producing LCA MK1, Su-30 MKI and Do-228. HAL has established infrastructure to produce 4+ generation fighter aircraft and with enhancement of some 5th generation specific technologies and facilities, the same can also be produced in HAL. HAL has taken up Design & Development of advance fighter aircraft project like LCA-MKII, AMCA, TEDBF in collaboration with ADA. As far as transport aircraft is concerned, HAL has manufactured around 150 Nos. Dornier-228 aircraft which are in operation with various customers including export customers. In trainer segment HAL's HTT-40 basic trainer aircraft has demonstrated compliance to all the PSQR requirements and is moving towards its final certification.

To sum up, HAL has all the capabilities to meet Helicopters and Fighter aircraft requirements of our Armed forces. HAL can be a one stop solution for all categories in future.

(2) **BEL:** BEL recognizes the need for continuous modernization & up-gradation of its facilities in order to have state-of-the-art set ups for being able to offer the best in class products/systems to the Defence Services. BEL has the requisite infrastructure in place on par with global standards. BEL has been consistently investing in infrastructure development & modernization of facilities which is very essential for

successful indigenization efforts as well as to be in tune with the changing needs of the technology/products.

(3) **BEML:** BEML Limited has 4 Manufacturing Complexes with requisite infrastructure to produce state-of-the-art Defence, Mining & Construction and Rail & Metro Products.

(4) **BDL:** BDL is having the infrastructure for manufacturing State-of-the-Art products. Some of the Key Technology Upgradation projects taken up for implementation are: -

- ✓ Static Test facility at Ibrahimpatnam for SAM projects.
- ✓ Robotic welding for Rocket Motor and KOE (Knock out Engine) of Konkurs-M ATGM.
- ✓ Automatic loading and progression of jobs in Electroplating shop.
- ✓ Vacuum Furnace for heat treatment of critical components
- ✓ Tooled up CNC Machining centre for Rocket Motor & KOE
- ✓ CNC Pipe Bending Machine, 4-Axis CNC Machining Center.
- ✓ Injection moulding machine
- ✓ Explosive Storage & Magazine Building.
- ✓ Additional space for storage of Ground Systems Equipment
- ✓ Introduction of Robotic welding for Akash components.
- ✓ Introduction of latest 5-Axis CNC machining centre of intricate and
- ✓ High precision components, 6-Axis CNC machine, CNC Flow, forming Machine
- ✓ Static Test facility set-up for testing of propulsion unit.
- ✓ Additional Final Testing Facility (Check-Out) of Akash missiles

(5) **GRSE:** The shipyard has the requisite capability and infrastructure to manufacture state of the art warships. GRSE has successfully build an array of world-class platforms including Frigates, Missile Corvettes, Survey Vessels, Marine Acoustic Research Ship, Anti-Submarine Warfare Corvettes, Landing Ship Tanks (Large), Fleet Tanker, Water-Jet Fast Attack Crafts, Inshore Patrol Vessel and the Landing Craft Utility, Hovercrafts and also the First Export Warship, an Offshore Patrol Vessel to Mauritius. So far GRSE has constructed and delivered 106 such warships and amphibious ships of strategic importance. All these Warships are armed with high-tech equipment.

The company in the past has also designed, constructed and supplied 680 plus other vessels and Crafts like Bulk Carriers, Passenger Ferries, Tugs, Towing Vessels, Seaward Defence Boats, Fast Interceptor Boats, Dredgers, Fishing Trawlers, Motor cutter, RO-RO Ferries etc.

- (6) **GSL:** GSL has got requisite infrastructure for manufacturing ships in its product range. Shipyard has undertaken a planned modernisation programme in five phases for augmenting its infrastructure for indigenous construction of Mine Counter Measure Vessels (MCMVs) for the Indian Navy. Post modernisation phase 1, 2 and 3A, GSL has shipbuilding capacity for concurrent construction of 14 steel hulled ships up to 130 M length and 6000 T displacement. Infrastructure Augmentation as part of phase 4 and 3B related to advanced composite hulls required for MCMVs has been completed in 2020 and GSL has now the only indigenous capability in India to build high technology MCMVs.

GSL has a well-established Research & Development set-up to bring out state-of-the-art products. GSL has been recognized as In-house R&D unit by the Government of India, Ministry of Science and Technology, Department of Scientific & Industrial Research.

- (7) **HSL:** Prestigious project of national importance VC 11184 has been constructed and delivered to the customer on 31 October 2020. The Project has been a gateway for understanding the niche processes and advanced technology associated with modern and complex Naval vessels. This has induced the virtual 3D shipbuilding methodology nucleating from the design and through the engineering bill of materials to the advanced production techniques involving CAD/CAM tools, laser assignments, welding and advanced outfittings. Integrated construction, modularity – approach, working on state-of-the-art equipment and systems like Radars, Weapons & Sensors etc. has added a new dimension to yard’s capability. The knowledge unveiled in the design, production, integration and management of this first of class special vessel would enable HSL to join the select group of yards. The yard’s infrastructure augmentation and skill development have unequivocally transformed the yard to a mature and modern ship design – building facility to handle any complex Naval vessel.

- (8) **MDL:** MDL has requisite infrastructure for the manufacturing and producing state-of-art products viz. Warships and submarines. In fact, many of its infrastructure facilities are idling, awaiting fresh orders. Submarine division facilities have started idling since 2012 and will be fully idle after the delivery of last submarine in 2022. The various stages of 11 concurrently under construction Submarines can be as per table below:

<b>Submarines</b>	
<b>Activity</b>	<b>Qty (Nos)</b>
Pressure Hull Fabrication in Shops	3
Structural & Engineering Outfitting in Shops	5
Structural & Engineering Outfitting in Dry Dock	1
STW / HATs / SATs in Wet Basins	2
<b>Total Submarines</b>	<b>11</b>

In order to cater to the requirement of Next Generation Vessels, especially Next Generation Destroyers, MDL need to have larger Drydock and Slipway. Towards this, MDL is planning to acquire adjacent land of Mumbai Port Trust (MbPT) and development of Nhava Yard.

- (9) **MIDHANI:** MIDHANI has adequate facilities like Melting, forging, rolling, heat treatment & testing to manufacture Titanium alloy, Super alloy and special steel for various strategic applications.”

### **Other pertinent issues**

5.16 During oral evidence of the representatives of the Ministry and DPSUs, the Committee desired to know the details of contribution of HAL in helicopter manufacturing in the country, The CMD, HAL submitted as under:

“सर, अभी यह 60 से लेकर 70 प्रतिशत है। लेकिन, जैसे कोस्टगार्ड है, उसमें तो 100 प्रतिशत हमारा ही है। आर्मी में हेलिकॉप्टर्स में हमारा 90 प्रतिशत है क्योंकि कुछ नए खरीदे गए हेलिकॉप्टर्स हैं। बाकी जगहों पर ये 90 प्रतिशत से ऊपर हैं।”

5.17 The Committee also desired to be apprised of the details of the time frame for delivery of submarines by MDL, cost and time overruns, if any, and whether they are equipped with nuclear propulsion. The Defence Secretary submitted as under:

“तीन सब्मेरिन ऑलरेडी दी जा चुकी हैं और अगली तीन अगले तीन साल में दी जाएंगी। ये सब कन्वेंशनल सब्मेरिन्स हैं।”

**CHAPTER VI**  
**CANTEEN STORES DEPARTMENT (CSD)**

**Introduction**

The Committee have been informed that the Canteen Stores Department (CSD), a Government of India Undertaking under the Union Ministry of Defence, is committed to welfare of troops of the Army, Navy and Air Force and their families, through easy access to quality products of daily use at less than market prices.

**Budgetary provisions**

6.2 The Committee have been apprised that there is no concept of dividend distribution for CSD. Net Trade Surplus earned at the end of the financial year is distributed equally between Government and the Service Headquarters for welfare of troops as per MoD guidelines. 50% of the Canteen Trade Surplus (CTS) goes to the Consolidated Fund of India (CFI). The details of last five years deposited in CFI are as under: -

(₹ in crore)

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Net Trade Surplus (Net Profit) 50% deposited in CFI	117.84	115.16	327.03	186.09#	384.50#

# Unaudited figure final accounts have been submitted to CDA, CSD and RAC(C&AG) for audit and audit certification expected.

6.3 In a Power Point Presentation made before the Committee; the representatives of the Ministry provided following information regarding budgetary provisions for CSD for the last six years:

(₹ in crore)

FY	Projection for BE	BE Allocation	RE Allocation	MA Allocation
2015-16	14806.47	14806.26	14234.80	14232.69
2016-17	18330.83	15005.84	18391.14	17527.04
2017-18	20206.63	17729.06	17004.16	17005.83
2018-19	18698.94	17506.05	16510.18	16510.13



2019-20	21978.86	18305.78	19552.55	19552.37
2020-21	22240.10	20100.38	18002.02#	-
2021-22	25877.72	19802.09	-	-

# Provisional figure subject to final approval by Parliament.

6.4 The Committee desired to know whether the allocated budget would be adequate to meet expenditure and liabilities of CSD in 2021-22. In a written reply, the Ministry submitted as under:

“Expenditure on operations will be optimized to ensure that the projected budget of ₹ 25,877.72 crore at BE stage in FY 2021-22 is sufficient for CSD to run its operations smoothly.”

### **Online Service of CSD**

6.5 To a query of the Committee regarding efforts made to commence online services of CSD, the Ministry of Defence submitted as under:

“Automation of CSD to ensure full spectrum visibility in our supply chain management and accounting/payments is under process. Currently, process for selection of the consultant for preparation of Request for Proposal (RFP) to suggest the best methodology to commence e-commerce in CSD is under progress.

Following pertinent aspects of ongoing CSD Automation are also brought out:-

- Online portal for purchase of AFD (Against Firm Demand) items from CSD canteens has been launched by Hon’ble RM on 08.01.2021. The objective of the online portal is to enable out 45 lakhs beneficiaries (serving and retired), who can now purchase the items through online mode from the comfort of their home.
- The users also have the benefit of seeing the complete inventory of AFD items on the AFD portal and make the payment online.
- The project will also boost the Govt. of India’s vision of promoting digital India.”

6.6 The Committee have learnt that till 05.02.2021, 18616 demands of beneficiaries were fulfilled through this portal and 843 demands were in process for purchase of AFD items. The said portal saves time of the beneficiaries in terms of their movement between

CSD depots and Unit Run Canteens (URCs), besides bringing in more transparency in the system. The beneficiaries fill up the demands 'online', make the payment online and get the delivery of the products directly from the dealers. Though there have been some technical problems in the initial phases but the same have been addressed/overcome promptly by the concerned authorities / National Informatics Centre (NIC) team. The portal has been given adequate publicity and now 100% AFD (Against Firm Demand) items are being purchased through this portal only.

### **Steps under 'Atmanirbhar Bharat'**

6.7 The Committee have been apprised that procurement of directly imported items (422 items) have been discontinued w.e.f. 29<sup>th</sup> October, 2020 to boost the Government of India vision of "Atmanirbhar Bharat" as per direction of MoD which includes General stores, food item, AFD-category item and liquor (Bottled In Origin (BIO)). The stocks of directly imported items ordered and procured prior to discontinuation of procurement are being liquidated at depots till the stocks are exhausted.

### **Quality and price of products**

6.8 When asked whether feedback about quality and price of the CSD products is taken from the consumers, the Ministry replied as under:

"A feedback system about quality and price of the products has been introduced in CSD from the financial year 2017-18 to obtain views of the consumers, as given below:

- (a) Quarterly URC Meetings at all Depots.
- (b) Redressal, feedback and complaint through chain of command.
- (c) Regular exchange of DO letter by GM with each Command of Tri-Services.
- (d) Any point, comments, complaints etc. received from consumers/URCs is acted upon priority as per policy of the department.

Both introduction and deletion of items are carried out based on inputs (URC demands) which is related to quality, pricing and popularity."

6.9 When further queried about the mechanism adopted to ensure quality of goods and items sold through the Canteens under CSD and steps taken against the suppliers of poor quality goods, the Ministry of Defence submitted as under:

**“ For ensuring quality of goods:**

- (a) Only original manufacturers/sole distributors are allowed for registration/enlistment in CSD.
- (b) Quality check of general store items are conducted in Govt. approved labs prior to initial introduction/supply of items to the CSD. Also, every Store Keeping Unit (SKU)/item is subjected to stringent quality test by authorized Govt controlled labs once in two years or on receipt of any specific complaint.
- (c) Items of food/liquor are introduced only after carrying out of hygiene, factory inspection and quality tests.

**Steps taken against the suppliers of poor quality goods:**

- (a) CSD has penalty provision for both qualitative and quantitative deviation in respect of products supplied.
- (b) CSD has sale suspension provisions in case of deviation detected and established which can also lead to the deletion of the item/product from the CSD inventory.

**Inputs with regard to penalties/suspension imposed during last two FYs:**

- (a) A total of ₹ 2.47 crore has been imposed as penalties on various firms.
- (b) Sale suspension of 63 items has also been undertaken.

**Various reasons for levying the penalties are as under:**

- (a) Non-disclosure of price differential (market and CSD rate).
- (b) Deviation from technical data specifications.
- (c) Not meeting delivery timelines.
- (d) Non-disclosure of migration to excise free zone.”

### **Mitigation of risks of fraudulent purchases**

6.10 When asked about the steps taken by the Ministry of Defence to mitigate the risks of fraudulent purchases and leakage of CSD items into civil market, the Ministry replied as under:

- (a) “Canteen services can be availed only through Canteen Smart Card with Chip technology.
- (b) Quantitative and monetary ceiling is imposed for buying item through Unit Run Canteens (URCs).
- (c) Only authorized personnel and their authorized dependents can purchase articles from URCs.
- (d) For transactions between URCs and depots, National Electronic Fund Transfer (NEFT) payments are being encouraged so that the payee and payer can be verified.
- (e) To avoid leakage of any kind, periodical advisories are being issued to URCs as well as to depots for effective implementation.”

### **Operationalisation of CSD during pandemic**

6.11 During deliberations on the subject, the Committee desired to know whether the facilities of CSD were operational during CORONA pandemic. In this regard, General Manager, CSD during evidence submitted as under:

“सर, यह हमारे लिए बहुत खुशी की बात है कि कोविड के समय, जब बाकी सारी चीजें बंद थीं, हमने पूरे प्रिकॉशन्स के साथ यह सामान हर जगह पहुंचाया। हमने पूरी तरह प्रिकॉशन्स लिए थे और यह भी खुशी की बात है कि हमारे साथ कोई हादसा भी नहीं हुआ।”

### **Challenges**

6.12 In a written reply, MoD submitted that following challenges and constraints are being faced by the CSD:

“A big challenge before CSD is to complete its ongoing automation project in the financial year 2021-22, which is aimed to facilitate online purchase of AFD and non-AFD items and meet ever-increasing expectations of its beneficiaries, besides

bringing in more transparency/accountability in the system. To achieve this, the requisite budgetary support, needs to be continued in the next financial year also. The enhanced budgetary support as per projections made by CSD will be helpful in liquidating the past committed liabilities & contractual obligations and also pave the way for the modernization of existing warehouses, including hiring/outsourcing of technically qualified manpower so that the AFD portal and e-commerce platform for non-AFD items function in a hassle-free environment.”

## CHAPTER VII

### WELFARE OF EX-SERVICEMEN

The Committee take note of the fact that in view of the ever expanding population of Ex-Servicemen (ESM), there were persistent demands from Service Headquarters and various associations for a separate department to look after the welfare, resettlement and rehabilitation of ESM, war widows and their dependents. In 1986, a decision was taken to create an independent resettlement division in the Department of Defence. Accordingly, a new Department of Ex-servicemen Welfare (ESW) was set up in September, 2004 within the Ministry of Defence. This Department formulates various policies and programmes for the welfare and resettlement of ESM in the Country.

7.2 This Department has two Divisions *viz.*, the resettlement Division and the Pension Division and has 3 attached offices namely (i) Secretariat of Kendriya Sainik Board (KSB), (ii) Directorate General of Resettlement (DGR) and (iii) Ex-servicemen Contributory Health Scheme (ECHS) Organisation.

7.3 Welfare of the Ex-Servicemen and their dependents is the joint responsibility of the Centre and the States / UTs. Like the Kendriya Sainik Board at the Centre, the Rajya / Zila Sainik Boards are responsible for policy formulation and implementation of resettlement and welfare schemes for Ex-Servicemen, widows and their dependents residing in their respective States / UTs / Districts. To assist the Central Government in this regard, there are 33 Rajya Sainik Boards and 403 Zila Sainik Boards in the country.

#### **Role of Directorate General of Resettlement (DGR)**

7.4 The Committee have learnt that the role of DGR is to empower retiring/ retired service personnel with additional skills and assist them in choosing a second career. This is achieved through the following modalities:—

- (a) Seeking suitable employment for Ex-Servicemen (ESM) as also upgrading their skills by imparting training, to take on new jobs.
- (b) Provide opportunities:
  - (i) Government / Quasi Government / Public Sector Organisation.
  - (ii) Corporate Sector.
- (c) Jobs through schemes for self-employment.
- (d) Assistance in entrepreneurial ventures.
- (e) Act as the interface between retired service personnel, dependents and the outside environment for resettlement / second career.

## Budget utilisation

7.5 The Ministry of Defence submitted the following details regards budget for 2019-20, 2020-21 and 2021-22 in respect of the Department of Ex-Servicemen Welfare:

(₹ in crore)

	2019-20			2020-21			2021-22
	BE	RE	ACTUAL	BE	RE	ACTUAL (Exp upto 31.1.2021)	BE
CO, ECHS	3281.26	5199.21	5193.60	3301.98	4451.98	2749.26	3316.68
DGR	14.00	15.50	15.50	13.28	8.78	6.36	13.28
KSB Sectt	53.27	53.27	53.27	27.26	134.08	68.03 (up to 9.2.2021)	100.00
Pension	112079.57	117810.44	117810.24	133825.00	125000.00	93712.33 (up to Dec. 2020)	115850.00

## Avenues of resettlement of retired officers and Personnel Below Officers Rank (PBOR)

7.6 For the perusal of the Committee, the Ministry of Defence has furnished following information regarding avenues of resettlement available to retired Officers and Personnel Below Officers Rank (PBOR):-

### Resettlement Opportunities

1. **Job Opportunities For ESM in Central Government.** Personnel of the Armed Forces viz Army, Navy and the Air Force are the only Govt employees who retire at relatively younger ages to keep a youthful profile due to the arduous nature of their duties in hazardous and inhospitable terrain. Almost all Ex-Servicemen, whose retirement ages, depending on rank vary from 35 to 54 require help and assistance for resettlement. They require a second career as they are young and active and their responsibilities and obligations are at the peak when they are retired. Having given their best part of their life for the safety and security of the motherland it becomes a national obligation to provide necessary facilities for their resettlement. Keeping these in mind the Central/State Govts have provided reservation in jobs for Ex-Servicemen.

2. As per DOP&T Notification No. 36034/1/ 2006-Estt. (Res) dated 04 Oct 2012 amending DOP&T Ex-Servicemen (Re-employment in Central Civil Services and

Posts) Rules, 1979, **10% of vacancies in the posts up the level of the Assistant Commandant in all Para-Military Forces, 10% of the vacancies in Group 'C' posts, and 20% of the vacancies in Group 'D' posts**, including permanent vacancies filled initially on a temporary basis and temporary vacancies which are likely to be made permanent or are likely to continue for three months and more, to be filled by Direct recruitment in any year shall be reserved for being filled by ESM.

3. As per Govt of India, Min of Finance (BPE) OM No. 6 /55/ 79- BPE (GM I) dated 13 Mar 80, **14.5% vacancies in Group C posts and 24.5% vacancies in Group D posts are reserved for ESM in Central Public Sector Undertakings (CPSUs). This includes 4.5% for disabled Ex-Servicemen and dependants of those killed in action.**

4. As per Govt of India, Min of Finance (Banking Division) letter No. F 2/11/79/ SCT (B) dated 09Jun 1980 and letter No. F 201/15/87-SCT(B) dated 11 May 1988, **14.5% vacancies in Group C posts and 24.5% vacancies in Group D posts are reserved for ESM in action in Public Sector Banks / Financial Institutions. This includes 4.5% for Disabled Ex-Servicemen and dependants of servicemen killed in action.**

5. Likewise State Governments have also reserved State Govt Jobs for Ex-Servicemen. The percentage and Groups in which these job have been reserved for Ex-Servicemen by the State Governments varies from State to State.

#### **Placement Assistance through DGR**

6. Directorate General Resettlement (DGR) sponsors Ex-Servicemen (Officers) to various Government organizations, Public Sector Undertakings, Corporate Houses, Private Sector, Central Para Military Forces etc. based on their requisition for re-employment of ESM. The DGR sponsored ESM are re-employed by the requisitioning agencies after due process of selection by them. For registering Ex Servicemen with DGR there is a SOP outlining the registration process including the documents required for registration. Veteran Officers are registered with DGR and the JCOs/ORs are required to register with their ZilaSainik Board (ZSB). Various documents are required to establish the credentials of an Ex Serviceman and the list of which is printed in the application form for clarity. Interaction with various stake holders are carried out on a regular and routine basis to generate and assist the Ex Servicemen in gainful resettlement post retirement. In the recent past Officers have been employed with Armed Forces Tribunal, Enforcement Directorate, Central Bureau of Investigation, Government PSUs, Banks (including Private banks and Financial Institutions), LIC, Legal and Medical Vacancies of various State and Central undertakings, and vacancies in corporate sectors in a plethora of sectors, most prominently being in middle and senior level opportunities of HR, Adm and Logistics etc.

#### **DGR Sponsored Security Scheme**

7. The DGR empanels / sponsors ESM run Private Security Agencies, and State ESM Corporations for providing security guards to various CPSUs, Corporate Houses, Private sector Undertakings etc. The scheme offers self-employment opportunities to



retired officers and adequate employment opportunity to retired JCO/OR, in a field, where they have sufficient expertise. Presently there are approximately 1000 operational Security Agencies running 48000 guards Pan India.

8. This is the largest Employment Scheme of DGR and is looked after by DGR and the Directorate Resettlement Zones (DRZs). Wherein DRZ(North) is responsible for allocation of Security Guards in the State of Jammu & Kashmir, DRZ(West ) is responsible in the State of Punjab, Haryana & Himachal Pradesh, DRZ(Central) is responsible in the State of Uttar Pradesh and Madhya Pradesh, DRZ(South) is responsible in the State of Gujrat and Maharashtra and DRZ(East) is responsible in the State of West Bengal. Other States are looked after from this HQ. Guards are allocated based on requisition received from PSUs. The scheme is governed as per the GoI, Ministry of Defence, Deptt of ESW and a Board of Officers is held prior to allotting Security Guards.

9. **ESM Coal Loading and Transportation Scheme.** The scheme to raise Ex-Servicemen (ESM) Coal Transportation Companies was formulated between the erstwhile Ministry of Energy and Ministry of Defence in 1979 with the aim of having union free captive transport organisations in coal subsidiaries and providing an opportunity to ex-servicemen for resettlement. The Scheme is administered on the basis of MoU between the Coal India Ltd (CIL) and DGR. On receipt of requisition from the Coal Subsidiaries of CIL i.e. South Eastern Coalfields Limited, Chhattisgarh, Western Coalfields Limited, Nagpur, Mahanadi Coalfields Limited, Odisha, the offer is given to the five senior most eligible empanelled ESM(O) for this scheme, willing to undertake the work, to carry out a feasibility study of the proposed area offered. If the study is found profitable the ESM are advised to register their company under The Company Act of 1956. This ESM Company has to start with capital of **₹ 60 to 80 lakhs (Rupees Sixty to Eighty Lakhs)** which is pooled in by all the directors equally. The Company is required to undertake coal loading and transportation at the site offered. The job is undertaken with the help of heavy machinery like pay loaders and tipper trucks. The payloaders are purchased by the company whereas the tipper trucks are attached to this company by Ex-Servicemen waiting in a separate waiting list maintained by DGR. The ESM company starts its operations with one pay loader and ten tipper trucks and can expand upto four payloader and forty tipper trucks. The company is sponsored by DGR for a period of five years which can be extended by four years, if the performance of the ESM Company is found satisfactory. **In order to ensure adherence to MoU and Guidelines for running this scheme, a number of reports and returns are sought from the company. Also, periodic site visits are carried out by DGR/its regional offices.** As on date, 46 ESM coal companies are operating.

10. **Management of Company Owned Company Operated Retail Outlets.** As per the policy of Ministry of Petroleum and Natural Gas (MoP&NG), Company Owned Company Operated (COCO) Retail Outlets are made available for Management by Retired Defence officers & JCOs on contractual basis for a maximum period of three years. The scheme is operational Pan India. ESM Officers and JCOs should not be above 60 years of age at the time of sponsorship and should be willing to provide bank guarantee as per company's requirement. Officers are sponsored by the office of

DGR and JCOs through their respective RajyaSainik Boards (RSBs). Oil Company pays ₹ 30000/- (**Rupees Thirty Thousand**) pm as fixed remuneration plus incentive on sale of oil product. The policy guidelines are available in the form of brochure on the website of all major Oil Companies namely Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited & Hindustan Petroleum Corporation Limited.

11. **Management of CNG Stations by ESM(O) in NCR/Pune.** Although there is no MoU on this scheme however, DGR has a tie up with Indraprastha Gas Limited ( IGL) in New Delhi & Maharashtra Natural Gas Limited (MNGL) in Pune and it provides a panel of retired defence officers for managing the services and front court operations of all the CNG Fuel stations of IGL in NCR. On receipt of requisition from IGL, desirous ESM(O)s registered in the scheme are sponsored in the ratio of 2:1. The interview and selection is carried out by IGL staff with a member of DGR. The selected ESM (O) is contracted for a period of five years on a yearly renewable contract basis. The remuneration ranges from ₹45,000/- to ₹90,000/- (**Rupees Forty Five Thousand to Ninety Thousand**) PM. This is a very sought after scheme for officers and today approx 100 such outlets are being successfully run by ESM in Delhi, NCR. With effect from 2015, a similar scheme has been launched with MNGL in Pune (Mah) and three pumps are functional as on date.

12. **Allotment of Mother Dairy Milk Booths and Fruit & Vegetable (Safal) Shops in NCR.** This scheme is based on an MoU between DGR and Mother Dairy wherein fully furnished shops are offered by Mother Dairy to ESM (personal below officer rank) for sale of milk and fruit, fresh vegetables. The desirous ESM are required to register for Milk / SAFAL (Fruit and Vegetable) booths separately. On receipt of requisition from Mother Dairy, the ESM are sponsored in the ratio of 3:1. The selected ESM are required to sign an agreement with Mother Dairy and deposit a security deposit of ₹ One lac (refundable). They are imparted two weeks of training and allotted booths on their turn. A security deposit amount of ₹ 50,000/- (**Rupees Fifty Thousand**) approxis also required at the time of allotment of booth. The ESM earns a commission on all the products sold and the commission is revised from time to time by Mother Dairy. However, an assured amount of ₹ 15000/- (**Rupees Fifteen Thousand**) per month through out in terms of commission is ensured by Mother Dairy for Milk booths and ₹ 23000/- (**Rupees Twenty Three Thousand**) per month (for first six months only) for SAFAL booths. In addition to above amount, for SAFAL, the Mother Dairy also gives an amount of ₹ 5000/- (**Rupees Five Thousand**) per month for employing a helper (first six months only). The ESM is allowed to run booths up to age of 60 years and extendable by two years for ESM who are exceptionally good. **As on date, approx 800 Mother Dairy milk booths and 380 SAFAL fresh fruit and vegetable outlets are being run by ESM.**

13. **Coal Tipper Attachment Scheme.** This scheme is linked with the ESM Coal loading and transportation scheme. Desirous ESM who enrol for this scheme are allotted to Coal transportation companies to own and attach a tipper truck. They are required to deposit seed money for buying the tipper truck. The scheme is offered for a max period of five years.

14. **Tipper Attachment Scheme for Widows and Disabled Soldiers/ Dependents.** Widows upto age of 65 and disabled soldiers having 50% or more disability are also

allowed to enrol for this scheme. However, they do not own any tipper but deposit ₹ One Lac with the ESM Coal Transportation Company. The widow / disabled soldiers are paid a monthly sum of ₹ 3,000/- (**Rupees Three Thousand**) per month for a period of five years. At the end of five years the principal amount is returned back.

15. **Issue of DGR Eligibility Certificate for Allotment of LPG/Retail Outlet (Petrol/Diesel) Distributorship advertised by Oil Marketing Companies against 8% Reservation Quota.** The Ministry of Petroleum and Natural Gas has 8% reserved quota for allotment of LPG Agency advertised under the '**Government Person (GP)**' category. The said category includes personnel of the Para Military Forces/Central Govt /State Govt and Central /State PSU employees and Defence Personnel. The defence personnel eligible include war widows/dependents of those who died in war, war disabled/disabled on duty while serving in operational area, widows/dependents of those who died in harness due to attributable or aggravated causes to Military Service, ex-servicemen disabled in peace due to attributable or aggravated causes to Military Service and able bodied ESM. Eligible applicants can only apply when a newspaper advertisement under the above category is published by the oil companies. The office of DGR issues eligibility certificate to the above entitled ESM/Widow/Dependent which is required to be submitted in original to the oil company at the time of verification. Selection of a Distributor/ Dealer is done through draw of lots by the concerned oil company.

16. **Retail Outlet Dealership (Petrol/Diesel).** The Ministry of Petroleum and Natural Gas has 8% reserved quota for allotment of Regular/Rural Retail Outlet Dealership under '**CC1**' category. The said category includes personnel of the Para Military Forces/Central Govt /State Govt and Central /State PSU employees and Defence Personnel. The defence personnel eligible include widows/dependents of those members of Armed Forces who died in war or in harness due to causes attributable to or aggravated by Military Service, ex-servicemen who are war disabled/disabled in peace due to causes attributable to or aggravated by Military Service. Eligible applicants can only apply when a newspaper advertisement under the above category is published by the oil companies. The office of DGR issues eligibility certificate to the above entitled ESM/Widow/Dependent which is required to be submitted in original at the time of interview/selection. Able bodied ex-servicemen are also eligible for the said scheme and are required to apply directly to the Oil Company with a copy of their Discharge Order or Pension Order. Selection of a Distributor/ Dealer is done through draw of lots by the concerned oil company of all eligible applicants.

**Note.** The policy guidelines for allotment of said distributorships are available in the form of brochure on the website of all major oil companies namely Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited & Hindustan Petroleum Corporation Limited. Detailed guidelines have also been hosted on the DGR website [www.dgrindia.com](http://www.dgrindia.com). **The eligibility criteria, Application Forms and Other details of the schemes are given in [www.dgrindia.com](http://www.dgrindia.com) website.**

17. **DGR Ex-Servicemen Seminar cum Job Fairs.** Based on the Memorandum of Understanding (MoU) signed between DGR and the Confederation of Indian Industry (CII) in August 2014, Ex-Servicemen Job Fairs are being organized Pan India with the

support of all the three Service Headquarters. This initiative has been well received by the environment and the 'Corporate Sector'. It offers a direct interface between the Employer and the prospective candidate that includes on the spot skill test, interview and offer letter for employment in the Corporate Sector. Efforts are also underway to sign a MoU with Federation of Indian Chambers of Commerce and Industry (FICCI) to increase representation of 'Corporate Sector' in Job Fairs, for increasing employment avenues/ vacancies for ESM. Details of DGR ESM Job Fair / Employment Seminars are as follows.

Location	Date	Participation		Job vacs (approx)
		Corporate Employers	ESM	
Jaipur	Sep 2014	15	500	100
New Delhi	06-07 May 2015	83	2800	4000
Mumbai	11 Oct 2015	51	770	700
Guwahati	22 Nov 2015	12	600	100
Bengaluru	10 Jan 2016	37	1462	1500
Pune	25 Sep 2016	49	1600	824
Ambala	26 Oct 2016	32	600	350
Lucknow	22 Jan 2017	38	2485	1200
Visakhapatnam	26 Feb 2017	42	2600	1150
Ahmedabad	09 July 2017	30	650	600
Ranchi	22 Sep 2017	27	1600	750
Mumbai	25 Nov 2017	45	1100	1000
Secunderabad	20 Jan 2018	35	1552	1493
Kochi	08 Mar 2018	32	1400	765
Chandigarh	26 Jun 2018	30	1307	525
Mumbai	24 Oct 2018	35	1095	1874
Chennai	14 Nov 2018	49	1056	6025
Nagpur	29 Nov 2018	36	567	3280
Pune	06 Dec 2018	49	1037	709
Bengaluru	28 Dec 2018	30	1286	938
Kolkata	27 Feb 2019	17	1924	3180
Goa	15 Mar 2019	23	402	368
Ahmedabad	23 Aug 2019	31	1526	559
Chandigarh	11 Oct 2019	31	1090	2570
Pune	16 Oct 2019	29	856	2779
Chennai	22 Nov 2019	42	1438	2430
Kolkata	28 Nov 2019	41	1815	1192
Bengaluru	19 Feb 2020	49	904	1945
Jaipur	28 Feb 2020	35	2201	765
	<b>Total</b>	<b>1055</b>	<b>38223</b>	<b>43671</b>

18. **Resettlement Training.** Training Directorate at DGR is responsible for organizing and conducting Resettlement / Skill Development Training Courses for retiring/retired personnel of Indian Armed Forces. The primary objective of conducting such courses is to prepare them for appropriate civil sector employability once they retire from active services.

19. Resettlement courses for officers are conducted generally in the field of management and JCOs/ OR and their equivalent generally undergo skill based training programmes. These courses are conducted at Central Govt Institutes / State Govt Institutes / Institutes run by / aligned to Regulatory Bodies or Institutes aligned to

National Skill Qualification Framework (NSQF). Course fee for JCO/OR and their equivalent is 100% subsidized by Gol while for officers, 40% of the course fee is borne by the individual officer. 3% seats for all resettlement training courses are reserved for widows of Officers/JCO/OR and their equivalents. Details of Resettlement Courses conducted during the last five years are as follows:-

Category	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Officers	724	585	464	556	441
JCOs/OR/ESM	7737	4618	7904	5911	6185
Regimental Centres	21780	*	*	*	*
<b>Total</b>	<b>30241</b>	<b>5203</b>	<b>8368</b>	<b>6467</b>	<b>6626</b>

\* From the year 2016-17 onwards courses conducted at Regimental Centres are not sponsored by DGR. This has led to reduction in number of personnel undergoing DGR sponsored Training Courses.”

### **Employment generated by the DGR under various Schemes**

7.7 The details of ESM registered and sponsored for Government sponsored re-settlement schemes are as under:

Sl.	Scheme	2017	2018	2019
1.	Security Agencies & State ESM Corps Empanelled	458	648	1289+3
2.	ESM sponsored in security agency	33394	35558	42289
3.	ESM sponsored in Coal Companies	148	307	284
4.	Widows/ disabled ESM attached in Coal Co's	67	134	59
5.	Management of CNG stations in NCR/Pune	35	40	57
6.	Sponsored for COCO scheme (Petrol Pumps)	66	21	14
7.	Issue of eligibility certificate for Allotment of oil product agencies (Petrol Pumps/LPG)	384	180	146
8.	Mother Dairy/ Milk Booth/ Safal Booth	365	329	354

9.	Sponsored/Placement by DGR Directorate	9604	11315	9706
10.	Placement by Rajya Sainik Boards	14622	16121	16688
11.	Employed with Defence Security Corps (DSC)	4133	4761	5072

### **New Avenues for resettlement of Ex-Servicemen**

7.8 The Ministry has submitted following information regarding new proposals for opening of new avenues for the resettlement of Ex-Servicemen:

“The following proposals are being contemplated:-

1. Provision of “Technical Service” by ESM Manpower/ Agencies Sponsored By DGR. ESM as an individual is highly loyal, disciplined, cultured, responsible and youthful. During their active service, the ESM handle complex systems of Aircraft, Ships, Submarines, Guns, Tanks, Weapons systems, Heavy Vehicles & Machineries and Complex Systems in Civil Defence. The skills acquired during service are enhanced and reoriented to suit the requirements of civil industries by virtue of undergoing resettlement courses at the time of retirement facilitated by DGR. A number of Government establishments / complexes outsource the requirement of skilled manpower (temporary on contractual basis) for Operations and Maintenance of technical equipment to Civilian Agencies (unregulated). A proposal has been mooted for issuance of appropriate instructions by Controlling Authorities / User Government Organisations to all the complexes functioning under them to approach DGR for sponsoring Empanelled ESM Agencies (including Empanelled State ESM Corporation) on its panel to provide ESM manpower as ‘Maintenance & Support Staff’ on contractual basis for Operations and Maintenance of technical equipment (Heavy duty Plant, Mechanical Equipments, Vehicles & Electrical machinery).

2. Women Centric {(ESM (W))} Schemes/ Initiatives proposed by DGR. Govt of India/ MoD has progressively sanctioned/ increased the quota of women (all ranks) in the three Services (Army, Navy & Air Force). On retirement, they will also enjoy the ESM status as authorised to Male Soldiers (All ranks on their Retirement). Retiring (All Ranks) Female soldiers {hereafter referred to as ESM (W)} would also be eligible to avail DGR sponsored welfare schemes. Apart from this, the Indian Army has recently started recruiting/ training women as a Soldier in the Corps of Military Police (CMP). Women officers serving in all three Services besides Lady Doctors (retiring from Service) would form bulk of the ESM (W). There will be ESM (W) also from CMP (Corps of Military police).

Based on their skill level, DGR proposes to consider launching Office-cum-House Keeping & Maintenance (OHK &M) Scheme for ESM(W). There is a growing demand / requirement from Corporate Houses / Corporates and other Departments (Govt& Civil) to outsource their requirement for office maintenance (including House Keeping for the guest houses/rooms). ESM (W) officer will form an OHK&M Company/ Agency that will have a composition of Vendors, Attendants and Guards etc. ESM (W) registered with DGR will be eligible for following jobs (on contract) through DGR for OHK&M Scheme:-

- (i) Suppliers for office requirement (eg. Stationery related equipment/items)
- (ii) Provision of ESM (W) Guards / Attendants.
- (iii) Other logistics Requirements related Office and House Keeping.

ESM (W) will register themselves with DGR and get empanelled for jobs. Based on requisitions received by DGR– ESM (W) will be accordingly sponsored.”

### **Significant Achievements**

7.9 During their oral evidence before the Committee on examination of DFG 2020-21, the MoD enumerated following significant achievements w.r.t. Ex-Servicemen Welfare:–

“**MoU** signed by DGR with FICCI in Jan 2020 and MoU signed with CII renewed in November, 2017 helps DGR to approach corporate houses to participate in **DGR Job Fairs** facilitating employment of ESM in private sector.

**MoU signed between MoD and Ministry of Skill Development and Entrepreneurship** on 13 July 2015 for initial terms of five years, **renewed** for another term of five years

Notification published on 13.02.2020 for **grant of ESM Status to Short Service Commissioned Officers** taking premature retirement after completing their initial period of engagement

‘**Project Punah Staphan**’ launched in three Phases by DGR to re-design ‘Skill Development Courses’ for JCOs/OR and their equivalent to meet the evolving requirements of the Environment. **Phase I of Competency Mapping of Human Resources in Armed Forces completed (Mar 2020)**. Phase II of Comprehensive Study on Civil sector employability and skill gap analysis under process.”

### **Other Relevant Issues**

7.10 During the course of evidence, a representative of the Ministry deposed before the Committee elaborating resettlement and rehabilitation Schemes for Welfare of Ex-Servicement as under:

“श्रू केन्द्रीय सैनिक बोर्ड, हम आर्म्ड फोर्सज फ्लैगडे फंड से एक्स-सर्विसमेन के वेलफेयर के लिए स्कीम्स चलाते हैं। उसमें मैरेज ग्रांट, एजुकेशन ग्रांट, जिनके पास इनकम का कोई सोर्स नहीं है, उनके लिए पेन्युरी ग्रांट, सीरियस एलिमेंट्स के लिए ग्रांट, इस तरह से कुल 13 स्कीम्स चलाई जाती हैं। जिनके बारे में अभी डिटेल दी गई है। हर साल उन स्कीम्स से करीब 24-25 हजार लोग लाभ प्राप्त करते हैं।”

7.11 The Ministry further informed the Committee about the working of Sainik Welfare Bords during deliberations on DFG 2021-22 as under:

“स्टेट लेवल पर और डिस्ट्रिक्ट लेवल पर सैनिक वेलफेयर बोर्ड्स हैं – राज्य सैनिक बोर्ड्स एवं जिला सैनिक बोर्ड्स। इन दोनों के एस्टैब्लिशमेंट्स पर, जो स्पेशल कैटेगरी हिल्स स्टेट्स हैं, वहां 75 प्रतिशत कॉस्ट गवर्नमेंट ऑफ इंडिया बीयर करती है। स्टेट गवर्नमेंट खर्च करती है और एकाउंटेंट जनरल के सर्टिफिकेशन के साथ क्लेम भेजती है।”

7.12 It was further informed to the Committee that there was a backlog of Rs. 60-70 crore, the claims for which have now been approved for settlement with the State Governments/UTS.

7.13 The Committee also raised an issue regarding non-functioning of District Sainik Kalyan Boards which have no data available on number of Ex-Army men in their district or the problems faced by them. The Ministry was advised to take action in this regard.



## CHAPTER VIII

### DEFENCE PENSION

The Committee have been apprised that Pension Division in the Department of Ex-Servicemen Welfare (DESW) deals with pension policies for the Armed Forces personnel and redressal of grievances. The following Regulations/Rules are administered to regulate the pensionary benefits of Armed Forces personnel :

- The Pension Regulations for the Army, 2008
- The Pension Regulations for the Air Force, 1961
- The Navy Pension Regulations, 1964
- The Entitlement Rules to Casualty Pensionary Awards to the Armed Forces Personnel, 2008.

8.2 Defence Pensions under the Ministry of Defence provides for Pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three services viz. Army, Navy and Air Force and employees of Ordnance Factories etc. It covers payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc. The position of budgetary allocation under this head is as under:

(₹ in crore)

BE 2020-21	RE 2020-21	BE 2021-22
1,33,825.00	1,25,000.00	1,15,850.00

8.3 The Committee have been given to understand that less requirement of ₹ 17,975.00 crore for BE 2021-22 (₹ 1,15,850.00 crore) over BE 2020-21 (₹ 1,33,825.00 crore) is due to liquidation of previous year carry over pension liabilities.

8.4 The Committee have learnt that as on 1.04.2020, there are total 32,77,742 Defence Pensioners which include 6,16,467 Defence Civilian Pensioners and 26,61,275 Armed Forces Pensioners.

## **Defence Pension Budget**

8.5 In a Power Point Presentation made before the Committee, the details of Defence Pension Budget for the last five years were submitted as under:

<b>Defence Pension Budget</b>			
<b>(₹ in crore)</b>			
<b>Year</b>	<b>Budget Estimate</b>	<b>Revised Estimate</b>	<b>Actual Expenditure</b>
2016-17	82332.66	85625.96	87825.80
2017-18	85740.00	95000.00	91999.58
2018-19	108853.30	106775.14	101774.61
2019-20	112079.57	117810.44	117810.24
2020-21	133825.00	125000.00	93712.33 (upto Dec. 2020)
2021-22	115850.00	---	---

8.6 During course of examination of the subject, the Committee desired to be apprised of the reason for difference of ₹ 8000 crore in BE 2020-21 and RE 2020-21 for Defence Pension. In this regard, the Secretary, ESW submitted as under:

“जैसा कि सीजीडीए ने बताया है कि जो डियरनेस रिलीफ का इंस्टॉलमेंट था – first January last year, first July last year, first January this year, ये तीनों डीए गवर्नमेंट ने फ्रीज किया है। चूंकि डीए का पेमेंट नहीं हुआ है, यह एन्टिसिपेटेड नहीं था, इसलिए यह कम है।”

8.7 When asked about new proposals being formulated/under submission regarding increasing/decreasing the retirement age of the Defence Forces personnel and to rationalize defence pensions, the Ministry submitted as under:

“Defence Services are examining this issue; however, no formal proposal has been received by the Ministry of Defence. The reorganization / restructuring of the Armed Forces is based on the operational requirement.”

8.8 To a pointed query of the Committee that whether any efforts are being made for controlling the increasing pensions budget, the Defence Secretary, during oral evidence, submitted as under:

“सर, हमारी कोशिश यह है कि जितने भी पेंशनर्स हैं, उनको समय पर करेक्ट पेंशन दी जाए। उनकी जो भी राइटफुल पेंशन है, उसमें परिवर्तन लाने का हमारा कोई भी प्रस्ताव नहीं है।”

### **Major Policy decisions w.r.t. Defence Pension**

8.9 During oral evidence of the representatives of the Ministry of Defence in connection with examination of Demands for Grants (DFG) for the year 2021-22, the Committee were apprised of following major policy decisions w.r.t. Defence Pension:

- Benefit of revision of pension (granted to post-01.01.2006 retired Havildars who were granted Honorary rank of Naib Subedar) extended to pre-2006 retired Havildars, granted Honorary rank of Naib Subedar w.e.f. 01.01.2006. Approximately, 75,250 pre-2006 retired Honorary Naib Subedars benefited from this decision.
- Invalid Pension henceforth to be admissible to Armed Forces personnel with less than 10 years of qualifying service in cases where personnel are invalided out of service on account of bodily or mental infirmity which is neither attributable to nor aggravated by Military Service.
- The condition of minimum requirement of 7 years of continuous service for grant of enhanced rate of Ordinary Family Pension done away with for Armed Forces personnel who died/invalided out even with less than 7 years of qualifying service. In case of Defence Forces personnel who died within ten years before the 1<sup>st</sup> day of October 2019 without completing continuous service of 7 years, family shall also be eligible for family pension at enhanced rate w.e.f 1<sup>st</sup> October, 2019.
- The facility of accepting scanned images of Life Certificate and identifying pensioners *via* phone or video chat including Certificate from District Sainik Welfare Officers (DSWOs) extended upto March, 2021 or till the situation (COVID-19) improves whichever is earlier.
- It has been decided that for the purpose of revision of Casualty Pensionary Awards i.e. Disability Pension/War Injury Pension/Special Family Pension/Liberalized Family Pension of the pre-01.01.1996 retired Medical Officers of Armed Forces, NPA @ 25% to be added to minimum of scale of pay as on 01.01.1996 while determining casualty pensionary awards w.e.f. 01.01.1996. Similarly, for the purpose of revision of casualty pensionary awards of pre-2006 retired Medical Officers of Armed Forces, NPA @ 25% to be added to the minimum of the pay in the pay band plus the grade

pay and Military Service Pay, where applicable while determining casualty pensionary awards w.e.f. 01.01.2006.

- Non-Practice Allowance (NPA) at the rate as applicable as on 01.01.2016 to be added to notional pay worked out in terms of Para-4 of MoD letter dated 5.9.2017 to arrive at notional reckonable emoluments as on 01.01.2016 for calculation of pension/family pension of pre-01.01.2016 retired/died Medical Officers of Armed Forces, w.e.f. 01.01.2016. It is to be further revised w.e.f. 01.07.2017 by adding NPA @ 20% of notional pay in VIIth Central Pay Commission scale to the notional pay as on 01.01.2016, instead of NPA admissible as on 01.01.2016 (which was 25% of pre-revised scale).”

### **Centralized Pension Disbursement System**

8.10 The Committee have been informed that it was announced in Budget Speech 2017-2018 to implement a web based interactive pension disbursement system for Defence Pensioners to reduce their grievances. The New System will automate the entire pension process starting with initiation of claim to sanction, disbursement and periodic revisions. It will also have a pensioners portal for pensioners to access all details and various services. The System is already being rolled out for Defence Civilians. The pilot for Army and Air Force is expected to be run shortly and module for the Navy is in final stages of development.

8.11 To a specific query of the Committee regarding efforts being made to completely switch to digital mode w.r.t. Defence Pension, the Controller General of Defence Accounts (CGDA) submitted as under:

“As far as payments are concerned, up to 95 per cent payments are reaching through e-mode, through digital payments and internal audit is one area where it is yet to be put online. हम उस कार्य के लिए भी अग्रसर हैं। अभी सभी से बातचीत चल रही है, इसमें, आर्मी, एयर फोर्स और नेवी इन्वॉल्व रहते हैं। जब इंटरनल ऑडिट का पोर्टल बन जाएगा, तो उसको भी ऑनलाइन ऑडिट किया जा सकेगा।

जहाँ तक पेमेंट्स की बात है, तो ऑनलाइन पेमेंट्स हो रही हैं। हमारा एक सिस्टम है, जिसमें बिल्स आते हैं और बिल्स का भुगतान डीबीटी के माध्यम से इंडिविजुअल बेनीफिशियरीज को होता है, चाहे पेमेंट पे एंड एलाउंसमेंट या पेंशन की हो, चाहे वेंडर्स से संबन्धित पेमेंट हो सभी का भुगतान ई-पेमेंट के माध्यम से किया जाता है।”

8.12 During deliberations on the subject, the Committee desired to know whether there have been any complaints regarding irregularities in pension disbursement system and remedial action so taken. In response, the Secretary, ESW submitted as under:

“सर, अभी जो पेंशन का सिस्टम है, उसमें सैंक्शन पीसीडीए के द्वारा किया जाता है। यह ऑफिस सीजीडीए के अंतर्गत है। पेंशन के डिस्बर्समेंट के 90 से 95 प्रतिशत केसेज़ का काम बैंकों के द्वारा किया जाता है। पॉलिसी के तहत एकचुअल पेमेंट क्या होगा, यह बैंक डिसाइड करती है। उसके बाद एकचुअल पेमेंट भी बैंक करती है। सैंक्शन का काम एक जगह है और डिस्बर्समेंट और पेमेंट का काम बैंक के लेवल पर होता है। नए अरेंजमेंट में हम सभी को सेंटरलाइज़ कर देंगे। अभी बैंक के लेवल पर दो प्रॉब्लम्स आती हैं। पहला यह है कि बैंक के लेवल पर पेंशन के सर्कुलर्स थोड़े कॉम्प्लेक्स होते हैं। डिफेंस में बहुत सारी कैटेगरीज़ हैं, जैसा कि प्रेजेंटेशन में दिखाया गया है। कई बार बैंक को भी दिक्कत होती है कि जो सर्कुलर्स आए हैं, डायरेक्शंस आए हैं, उनका क्या मीनिंग है? बैंक्स के छोटे-छोटे ब्रांचेज होते हैं, उनके नंबर ऑफ पर्सनेल भी कम होते हैं। कई बार यह समस्या आती है कि बैंक्स एकचुअल कैलकुलेशन नहीं कर पाते हैं। हमारे पास कई बार इस तरह के ग़िवांसेज़ आती हैं कि मुझे ज्यादा पेंशन मिलनी चाहिए, लेकिन मुझे कम पेंशन मिल रहा है। ऐसे केसेज़ जब भी आते हैं, जैसा मैंने बताया था कि हमारे पास 8,000 से 10,000 तक ग़िवांसेज़ आती हैं। उसमें काफी बैंक्स से रिलेटेड होते हैं। कभी पेमेंट बंद हो गई है या पति की मृत्यु हो गई, तो फैमिली पेंशन देने में डीले हो रहा है या फिर पेंशन पेपर में उनका नाम नहीं है। इस तरह की ग़िवांसेज़ आती हैं। कोई सीरियस कंफ्लेन नहीं आती है। अंडरस्टैंडिंग से रिलेटेड, पेमेंट की डीले से संबंधित या कई बार बैंक्स के ब्रांच में इंस्ट्रक्शन नहीं मिलती हैं, इस तरह के कंफ्लेन्स आती हैं। हम इसे बैंक के साथ मिलकर रिजॉल्व करते हैं।”

### **Defence Accounts Department (DAD)**

8.13 The Committee have learnt that Defence Accounts Department (DAD) functions under the administrative Control of Ministry of Defence and is headed by Controller General of Defence Accounts (CGDA).

8.14 During oral evidence of the representative of the Ministry of Defence, the Committee desired to know the manpower strength in CGDA and whether any complaints have been received against CGDA in the last three years. The CGDA replied as under:-

“सर, इंडिया में सीजीडीए के लोग कई तरह के कार्य करते हैं। पेंशन से संबंधित काम करने वाले लोगों की संख्या करीब 2,000 है। सीजीडीए की पूरी स्ट्रेंथ करीब 19,000 है।

पूरे देश में सीजीडीए के कई तरह के काम हैं। सिर्फ पेंशन से संबंधित काम करने वाले लगभग दो हजार लोग हैं। सीजीडीए का पूरा स्ट्रेंथ लगभग 19 हजार है। लेकिन उसमें कई तरह के काम होते हैं, जैसे पेंशन से संबंधित पेमेंट, पेमेंट टू वेडर्स, पे एंड एलाउंसेज से संबंधित पेमेंट आदि हैं। रक्षा मंत्रालय के तहत बॉर्डर रोड्स की जितनी भी संस्थाएं हैं, उन सभी के पेमेंट्स, फाइनेंशियल इनवाँइस, एकाउंटिंग, एक्सपेंडिचर मैनेजमेंट और इंटरनल ऑडिट के काम सीजीडीए के तहत डिफेंस एकाउंट्स डिपार्टमेंट करता है।

जैसा कि मैंने पहले बताया, पेंशन के काम से संबंधित करीब दो हजार लोग हैं। पीसीडीए के किसी व्यक्ति के खिलाफ ऐसा कोई कंप्लेंट नहीं है, जिसके लिए कोई ऐक्शन हुआ हो। लेकिन अगर पेमेंट में देर होती है, तो हम उसका संज्ञान लेते हैं और उस पर त्वरित कार्रवाई करते हैं। लेकिन किसी के साथ कुछ गलत हुआ हो, ऐसा किसी ने कंप्लेन नहीं किया है।“

8.15 He further informed the Committee that against the sanctioned manpower strength of 27000, 19000 Officers and staff are working in CGDA.

#### **Disposal of public grievances**

8.16 The Committee have been apprised that to redress the grievances of Veterans, Pension Adalats are held by Controller General of Defence Accounts (CGDA) from time to time. 175 Pension Adalats have been held so far across the country since 1987. In the year 2021, 1 Nationwide Adalat has been held through video-conferencing in which 61 grievances have been received and 34 grievances have been settled. During the last 3 years, 9075 grievances received and 8997 grievances were settled in Pension Adalats as under:

<b>Year</b>	<b>No. of Adalat held</b>	<b>No. of complaints received</b>	<b>Cases settled</b>
2018	11	4875	4854
2019	10	3740	3703
2020	01	460	440
<b>TOTAL</b>	<b>22</b>	<b>9075</b>	<b>8997</b>

8.17 As regard the timeframe of redressal of grievances regarding pension, the Secretary, ESW submitted as under:

“सर, अभी हमने पेंशन गिवांसेज़ के डिस्पोजल में दिखाया था कि हम लोग 30 से 60 दिनों के अंदर रिस्पांस कर देना चाहिए। पहले यह एवरेज वर्ष 2014-15 में 80 दिनों से ज्यादा होता था। The average has come down to 24 days, but that does not mean that every case is done in 24 days. There are cases where we take couple of months also. तीन ऑर्गेनाइजशंस, मेनली यह आर्म फोर्स में दिक्कत है। एक उनका रिकॉर्ड ऑफिस है, आर्मी के केसेज़ में और एयरफोर्स के केसेज़ में उनका रिकॉर्ड ऑफिस है, जहां डेटा मंटेन करते हैं, सर्विस डीटेल्स होती हैं। पीसीडीए पेंशन सैंक्शन करता है और बैंक उसे डिस्बर्स करते हैं। अगर सिर्फ बैंक के लेवल पर है, तो वह जल्दी रिजॉल्व हो जाता है। जहां तीनों एजेंसी के थू जाने की जरूरत पड़ती है, जैसे पेंशन पेपर में नाम सही नहीं है, या सुधार करने की जरूरत है, तो उसमें ज्यादा टाइम लगता है। हम पहले रिकॉर्ड्स ऑफिस जाते हैं, उनसे वेरिफाई करवाते हैं फिर पीसीडीए को जाता है। फिर पीसीडीए से रिवाइज़्ड या कॉरिजेंडम पीपीओ इश्यू किया जाता है। इसमें ज्यादा टाइम लगता है।”

8.18 The CGDA further elaborated on the grievance redressal mechanism as under:

“पेंशन गिवांस सिस्टम के कई माध्यम हैं। लोग पीसीडीए और बैंक को चिट्ठी लिखते हैं और पोर्टल पर भी लिखते हैं, तो उसका निर्धारण अलग से होता है। पेंशन अदालत में सामने जाते हैं। यह ज्यूडिशियल सिस्टम वाली अदालत नहीं है। इसमें पीसीडीए के अधिकारी और बैंक्स के लोग एक जगह पर एकत्रित होते हैं। पहले मुनादी कराई जाती है, लोगों को बताया जाता है। मान लीजिए कि केरल में त्रिवेन्द्रम में पेंशन अदालत होती है, तो वहां आस-पास के पेंशनर्स को बताया जाता है। यह अदालत दो दिनों के लिए चलती है। जिनके भी गिवांस होते हैं, वे देखने आते हैं, उनसे मिला जाता है। पीसीडीए के अधिकारी, बैंक्स के लोग और पीसीडीए के लोग होते हैं। अगर कोई ट्रेजरी से पेंशन ले रहा है, तो उनके भी लोग होते हैं। उनके सामने बैठकर अक्रॉस द टेबल उनके गिवांसेज़ को दूर करने की कोशिश की जाती है। इसमें सारा डेटाबेस पीसीडीए पेंशन अदालत में लेकर जाता है। यह थोड़ा सा फर्क है। इसे अदालत नाम दिया गया है, लेकिन यह ज्यूडिशियल सिस्टम नहीं है। अभी तक 175 अदालत हो चुकी हैं। हम लास्ट ईयर नहीं कर पाए। इस साल फिर शुरू करेंगे।”

### **One Rank One Pension (OROP)**

8.19 The Committee have learnt that orders were issued on 7.11.2015 for implementation of One Rank One Pension (OROP) for the Defence Forces Personnel.

The salient features of the OROP are as under:-

- (i) Pension of the past pensioners would be re-fixed on the basis of pension of retirees of calendar year 2013 and the benefit will be effective with effect from 01.07.2014.
- (ii) Pension will be re-fixed for all pensioners on the basis of the average of minimum and maximum pension of personnel retired in 2013 in the same rank and with the same length of service.
- (iii) Pension for those drawing above the average shall be protected.
- (iv) Arrears will be paid in four equal half yearly installments. However, all the family pensioners including those in receipt of Special/Liberalized family pension and Gallantry Award Winners shall be paid arrears in one installment.
- (v) The pension would be re-fixed every 5 years.

8.20 Further, personnel who opt to get discharged henceforth on their own request under Rule 13(3) I(i)(b), 13(3)II(i)(b), 13(3)III(iv) or Rule 16B of the Army Rule 1954 or equivalent Navy or Air Force Rules will not be entitled to the benefits of OROP. It will be effective prospectively.

8.21 On this issue, the Committee have been informed that a sum of ₹ 10,795.4 crore has been disbursed as arrears to Defence Pensioners/Family pensioners on account of implementation of OROP and the installment-wise bifurcation is as under:

No. of cases paid (1st installment and lump sum payments)	Amount disbursed (₹ in crore)	No. of cases paid (2nd installments)	Amount disbursed (₹ in crore)	No. of cases paid (3rd installments)	Amount disbursed (₹ in crore)	No. of cases paid (4th installments)	Amount disbursed (₹ in crore)
2060220	4172.64	1594311	2397.2	1576478	2322.91	1356212	1902.63



8.22 When asked to delineate steps being taken to address the grievances and discontent of Ex-servicemen/family pensioners w.r.t. OROP, the Ministry of Defence submitted as under:

“The Government had appointed One Member Judicial Committee (OMJC) headed by Justice L. Narasimha Reddy, Retd. Chief Justice of Patna High Court to look into anomalies, if any, arising out of implementation of OROP. The Committee submitted its Report to the Government. An Internal Committee has been constituted to examine the recommendations of OMJC with respect to the feasibility, impact of recommendations on other existing provisions and financial aspects in implementation of the recommendations.

There is a separate category for grievances regarding OROP policy issues in the Centralized Public Grievance Redress and Monitoring System (CPGRAMS). Grievances registered by individual and associations on this portal are examined as per the extant policies and replies are sent to the petitioners in a time bound manner.”

8.23 As regards the next revision of Pension under OROP, the Ministry of Defence apprised the Committee as under:-

“Next revision of pension under OROP was due w.e.f. 01.07.2019. With the approval of Hon’ble Raksha Mantri, orders were issued on 14.6.2019 to constitute a Committee under the Chairmanship of Controller General of Defence Accounts (CGDA) to work out the modalities & methodology of implementation of next revision of pension under OROP. The Committee will submit the report to (Ministry of Defence) MOD with specific recommendations on modalities & methodology of implementation of next revision of pension under OROP.”

8.24 During deliberations on the subject, the Committee desired to know the details of the sub-judice cases of OROP and final decision of the Committee formed for such cases. In response, the Secretary, ESW deposed as under:

“सर, आपने जैसा बताया है कि ओआरओपी की डिमांड बहुत ही लंबी थी और इसके बारे में भारत सरकार ने वर्ष 2014 में एक ऐतिहासिक निर्णय किया था। ओआरओपी से संबंधित जितनी भी समस्याएं थीं, वे ज्यादातर रिजॉल्व किए जा चुके हैं और पेमेंट्स भी कंप्लीट किए जा चुके हैं। लेकिन ओआरओपी के बेसिक डेफिनेशन को भी कोर्ट में चैलेंज किया गया था। ओआरओपी कोई ऐसी एक्सल्यूट चीज नहीं है कि यही ओआरओपी होनी चाहिए। जब मिनिस्ट्री ने इसका कॉन्सेप्ट प्रॉसेस किया था, तो वह क्लियर नहीं था। वह डिस्कशन के बाद धीरे-धीरे शेप लेता गया। लेकिन सरकार की जो बेसिक पॉलिसी अनाउंस की गई थी, उसे क्वेश्चन किया गया है कि ओआरओपी इस तरह से होनी चाहिए। इसका रिवीज़न हर साल

होना चाहिए। बहुत सारे ऐसे मुद्दे उठाए गए हैं, जो पॉलिसी को चैलेंज करते हैं। इम्प्लीमेंटेशन से रिलेटेड इश्यूज़ मोस्टली सॉल्व किए जा चुके हैं। एक वन मेंबर ज्यूडिशियल कमेटी बनाई गई थी। उसने सर्टन रिकमेंडेशन दिए थे, उसके कुछ बिन्दुओं पर सरकार के द्वारा विचार किया जा रहा है। हम इस पर कोर्ट के निर्णय के बावजूद भी निर्णय ले लेंगे। कोर्ट में ओआरओपी का जो मुख्य मुद्दा है, वह ओआरओपी के बेसिक डेफिनेशन को लेकर ही है। सरकार ने इम्प्लीमेंटेशन के लिए जो पॉलिसी तैयार की थी, उसे चैलेंज किया गया। यह मामला न्यायालय में लंबित है।”

8.25 To a pinpointed query of the Committee regarding reasons for delay in revision of OROP which is due since 1<sup>st</sup> July 2019, the Secretary, ESW during evidence submitted as under:

“There is a Committee which has been constituted to look into the various policy issues relating to the revision because last time I just mentioned it that when we initially gave OROP, then a lot of issues came after we issued the orders and we had to make a lot of amendments in the orders which created a lot of problems for us. So, we wanted that beforehand all these problems are thrashed out after discussing with various stakeholders. So, that process is on. We are trying to expedite it.”

**PART II  
OBSERVATIONS/RECOMMENDATIONS**

**GENERAL DEFENCE BUDGET**

**Ministry of Defence Budget and Demands for Grants 2021-22:  
Encapsulation**

After gleaning through all the material and information supplied to the Committee, they find that there are four Demands for Grants pertaining to the Ministry of Defence viz. Grant Number 18 – Ministry of Defence (Civil), Grant Number 19–Defence Services (Revenue), Grant Number 20 – Capital Outlay on Defence Services and Grant Number 21 – Defence (Pension).

The effusive requirements for the Civil expenditure of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores Department, Defence Estates Organisation, Coast Guard Organisation, Jammu & Kashmir Light Infantry (J&K LI), Border Roads Organization, etc. are provided for in Demand No.18 - MOD(Civil). Likewise, the Defence Services Estimates (DSE) reflects the detailed estimates for the Defence Services and Organizations covered under Grant Number 19 {Defence Services (Revenue)} and Grant Number 20 (Capital Outlay on Defence Services) of the Ministry of Defence.

Further, the Services and Organizations covered under DSE are Army (including National Cadet Corps, Director General Quality Assurance, Military Farms and Ex-Servicemen Contributory Health Scheme), Navy (including Joint Staff), Air Force, Defence Research and Development Organization (DRDO) and Defence Ordnance Factories. The Committee learn that the 'running' or 'operating' expenditure of the three Services and other Departments viz., Defence Research and Development Organisation (DRDO), Directorate General Ordnance Factories (DGOF), Directorate General of Quality Assurance (DGQA), National Cadet Corps (NCC), Military Farms and Ex-Servicemen Contributory Health Scheme (ECHS) are provided under the Demand No. 19- Defence Services (Revenue), which caters for the Revenue expenditure, while the Demand No. 20 viz., Capital Outlay on Defence Services, caters for the expenditure incurred on building or acquiring durable assets. Defence

Pensions, under Grant number 21, provides for Pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three services viz. Army, Navy and Air Force and also employees of Ordnance Factories etc. It covers payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc.

2. On deeper scrutiny, the Committee find that the total allocated budget for the Ministry of Defence for 2021-22 is ₹ 4,78,195.62 crore. Out of this, the largest share of 72.58 percent, i.e. ₹ 3,47,088.28 crore has been allocated for Defence Services Estimates (Grant Number 19 and 20). Defence Pensions (Grant Number 21) has secured 24.23 percent of the total budget i.e. ₹ 1,15,850 crore. The remaining 3.19 percent of the total budget i.e. ₹ 15,257.34 crore have been allocated to Ministry of Defence (Civil) (Grant Number 18).

#### Comparison between Defence Budget 2021-22 and 2020-21

3. On drawing an erudition on the comparison between Defence Budget 2021-22 and 2020-21, the Committee find that the total Defence Budget for Budget Estimates (BE) 2021-22 is ₹ 4,78,195.62 crore, an increase of ₹ 6,817.62 crore in comparison to that of BE 2020-21. Similarly, budget for Defence Services Estimates and Ministry of Defence (Civil) has registered an increase of ₹ 24,035.28 crore and ₹ 757.34 crore, respectively, in comparison with that of BE 2020-21. However, a particularized scrutiny of the facts and figures provided by the Ministry of Defence reveals that total defence budget has decreased by ₹ 6,540.44 crore when compared to Revised Estimates (RE) 2020-21. Further, allocation under Defence Services Estimates and Ministry of Defence (Civil) has shown an increase of ₹ 3,266.28 crore and ₹ (-) 656.72 crore, respectively, in Budget Estimates (BE) 2021-22, when compared to that in Revised Estimates (RE) 2020-21. The Committee note the Ministry's contention in this regard that Budget Estimates 2021-22 is to be compared with Budget Estimates 2020-21 and allocation under Revised Estimates 2020-21 is yet to be accorded approval by the Parliament. Therefore, they aver and desire to be apprised of the final allocation under RE 2020-21 expeditiously after approval is given by the Parliament.

## Defence Budget: Challenges and Reforms

4. The Committee, after examination of the documents provided by the Ministry of Defence in connection with examination of Demands for Grants for the year 2021-22, infer that there has been mismatch between projected and allocated budget for Defence. They note that as against projection of ₹ 6,22,800.51 crore for 2021-22 (BE), ₹ 4,78,195.62 crore have been allocated for total Defence Budget *i.e.* a shortfall of ₹ 1,44,604.89 crore. Surprisingly, this BE allocation on 2021-22 is lesser than RE allocation of ₹ 4,84,736.06 crore for total Defence budget in 2020-21 although the trend of budget allocation in the past few years suggests that amount allocated for Defence budget at the stage of Budget Estimates for a particular financial year is always greater than that of the Revised Estimates for the previous financial year. The Committee also take note of the redemptive features of Defence Budget for 2021-22, as submitted by the Ministry, that the allocation under Capital Outlay in 2021-22 has been significantly increased by 18.75 percent as compared to 2020-21 and allocation under Non-salary Revenue head to meet operational requirements has seen a growth of 6 percent over 2020-21.

5. During discussion on the subject, the Chief of Defence Staff apprised the Committee that the allocated funds are being prioritized towards operational preparedness with regard to the borders of the country. The budget is further progressively utilized for phased payments towards the procurement, the latter not being an easy process as the requisite equipment and armaments are not readily available either in the country or in the world market. The Committee understand that heads under Capital Outlay and Non-Salary Revenue have shown growth in Defence Budget 2021-22 in comparison with that in 2020-21 and allocated funds are being prioritized according to operational and acquisition requirements of the Forces. However, taking note of the fact that the BE allocation in 2021-22 is lesser than RE allocation for total Defence budget in 2020-21 belying the trend of incremental budget allocation in the past few years, the Committee recommend that additional funds at Revised Estimates stage should definitely be allocated to the Ministry of Defence. This may be taken up emphatically with the Ministry of Finance on an urgent basis and the consequentialment be apprised to the Committee. The Committee have every reason to believe that only with the availability of requisite

budget support coupled with its optimal utilization, the primal objective of the Forces can be accomplished.

6. During deliberations on Demands for Grants for the year 2021-22, the representatives of the Ministry of Defence apprised the Committee of various reforms being contemplated/initiated which include new Defence Acquisition Procedure in which special focus is on self reliance and ease of doing business and delegation of emergency procurement powers to the Services for speedy fulfillment of their operational requirements. In addition to this, the Committee have been informed that draft Cabinet note for creation of Non-Lapsable Defence Modernization Fund is under consideration of the Government. The Committee take note of these reforms with glee but nevertheless also recommend that concerted efforts of all stakeholders i.e. the Ministry of Defence, the Services, DRDO, OFB etc. should be ensured so that these reforms invariably lead to modernization of the Forces, infrastructure development and self-reliance in the Defence sector.

#### **Growth of Defence Budget *vis-à-vis* rate of inflation**

7. The Committee learn that the as per Economic Survey 2020-21, Consumer Price Index-Combined (CPI-C) inflation increased to 6.6 percent (provisional) in 2020-21 (April to December, 2020) as compared to 4.8 percent in 2019-20. The annual rate of inflation based on monthly Wholesale Price Index (WPI) fell from 1.7 percent in 2019-20 to -0.1 percent (provisional) during 2020-21 (April to December, 2020). Based on Consumer Price index, the inflation stood at 4.6 percent (Provisional) in December, 2020 as compared to 4.8 percent in 2019-20. As per the submission of the Ministry, the Committee learn that the actual increase in percentage in Defence Budget at the stage of Revised Estimates 2020-21 over 2019-20 (Actuals) amounts to 0.41 percent after adjusting inflation. The Committee, therefore, recommend that allocations for Budget for the Ministry of Defence for 2020-21 at Revised Estimates stage should be suitably enhanced so that the planned Capital and Revenue expenditure for the Forces is not negatively affected by inflation.

### Projections made by the Services

8. The Committee, after perusal of the Budgetary documents submitted by the Ministry of Defence, find that although the Services have always been successful in utilizing the budgetary amount allocated at the Revised Estimates stage for the past few years, the allocations to the Services are not commensurate with the projections at both Budget Estimates (BE) and Revised Estimates (RE) stage. This finding is corroborated by the fact that for the previous financial year *i.e.* 2020-21, at the stage of RE, Army projected a requirement of ₹ 1,92,455.85 crore for both Revenue and Capital expenditure, but was allocated ₹ 1,77,828.95 crore. The expenditure upto December 2020 is ₹ 1,22,044.98 crore. In the case of Navy, the projected amount stood at ₹ 80,149.12 crore for both Revenue and Capital in RE 2020-21, however, only ₹ 60,890.57 crore were provided. Similarly, while the Air Force projected a requirement of ₹ 1,17,560.39 crore in RE 2020-21, only ₹ 86,825.98 crore were allocated.

9. Further, the Committee find that for the Budget Estimates 2021-22, Army projected an amount of ₹ 1,70,705.28 crore under the Revenue Head, but has been allocated only ₹ 1,47,644.13 crore. Under the Capital Head, the projected amount stood at ₹ 51,492.10 crore but only ₹ 36,531.90 crore have been allocated, which amounts to a shortfall of ₹ 14,960.20 crore from the projected requirement. Likewise, for the financial year 2021-22, while the Navy projected a requirement of ₹ 34,256.83 crore, the allocated amount has been ₹ 23,360.68 crore under the Revenue Head. Under the Capital Head, while the Navy projected an amount of ₹ 70,920.78 crore, the allocated amount is merely ₹ 33,253.55 crore, a shortfall of ₹ 37,667.23 crore from the projected requirement. While an amount of ₹ 44,992.90 crore has been projected as the requirement under the Revenue Head by Air Force, ₹ 30,652.53 crore have been provided. Under the Capital Head, while the Air Force projected a requirement of ₹ 77,140.56 crore, the allocation has been only ₹ 53,214.77 crore, which amounts to a shortfall of ₹ 23,925.79 crore from the projected requirement.

10. In light of the above, the Committee have been apprised that the requirements projected by the Services are submitted to the Ministry of Finance for favourable consideration. While allocating funds, the Ministry of Finance scrutinizes past absorption capacity of the Services and the pace of expenditure in the current

Financial Year. In addition to this, based on the overall ceilings conveyed by the Ministry of Finance, the Ministry of Defence distributes funds among the Services and Organizations under the Ministry, based on Inter-Services priorities and allocations for critical projects. The allocated funds are optimally utilized towards operational activities. During discussion on DFG 2021-22, the Committee desired to know whether critical projects and operational preparedness of the Services would be affected keeping in view non-allocation of projected Budget at Revised Estimates stage 2020-21. In this regard, the Chief of Defence Staff assured the Committee that the budgetary process is going in the right direction and the required budget would be allocated at RE stage. The Committee find some solace in the contention of Chief of Defence Staff (CDS), however, they would like to emphasize on the fact that the Forces have been able to completely utilize the allocated amount at Revised Estimates stage for past few years, and, therefore, recommend that there should be no mismatch between projected and allocated funds, at least at the Revised Estimates stage. Therefore, they also recommend that additional allocation of funds at Revised Estimates stage should be tirelessly pursued so that Revenue and Capital expenditure planned by the Forces in 2020-21 and 2021-22 is propitiously achieved. The Committee also opine that creation of non-lapsable Defence Modernisation fund will prove to be instrumental for ensuring timely and steadfast allocation of funds for procurement and creation of critical assets for the Forces. They further recommend that creation of non lapsable fund should be pursued vigorously at the highest echelons of the Ministry and the Committee be apprised consequently.

11. Further, the Committee find that out of the three Services, a notable mismatch, i.e. a shortfall of approximately 53 percent, between projected and allocated funds under Capital head exists in case of Navy. Therefore, they desire that a brief albeit comprehensive note on the measures being contemplated containing *inter alia* the measures to ensure that urgent critical projects and operational requirements of Navy are fulfilled, be submitted to the Committee within one month of presentation of this Report.

#### **Army Base Workshops**

12. The Committee find that the Army Base Workshops located across the country, are assigned the role of undertaking overhaul of specified weapons and support



platforms in use by the Army. During deliberations on DFG 2020-21, the Committee were informed that the 'Government Owned Contractor Operated' (GOCO) model is being introduced in the operationalisation and modernization of these Workshops. Further, process is also going on for best utilization of vast land bank available with the Forces. The Committee have been given to understand that optimum utilization of resources and land bank is to be achieved through the GOCO model. In this context, the Committee recommend that best international practices in respect of GOCO model specially those of developed countries should be studied and after making apt comparison with regard to suitability in our conditions be implemented by the Ministry of Defence so that optimum qualitative and quantitative utilization of vast land bank, plant, equipment and machinery available with the Army Base Workshops can be achieved. They also desire to be apprised of the latest developments in this regard within three months of the presentation of this Report.

#### **Wheeled Armoured Personnel Carriers**

13. The Committee are proud to learn that in line with the measures being taken to become self-reliant or 'Aatmanirbhar' in the defence sector, Wheeled Armoured Personnel Carriers (WAP) have been manufactured by the Ordnance Factories using technology provided by Defence Research and Development Organisation (DRDO). Further, these amphibious Carriers having a powerful engine are also being manufactured by private industries in the country and orders have been placed with such industries. The Committee are of the considered opinion that deployment of these Wheeled Armoured Personnel Carriers will add another lethal arsenal in our reconnaissance and combat capabilities and therefore unequivocally recommend that requisite budgetary provisions should be made for procurement of these Carriers at the earliest.

#### **Indian National Defence University (INDU)**

14. The Committee learn that finding scope of improvement after analysis of Detailed Project Report of Indian National Defence University (INDU), a Committee has been formed under the Chairmanship of Professor Kakodkar to finalise the blueprint of the University. The Report of Kakodkar committee is expected in one or two months and thereafter the Ministry will approach the Cabinet. The Committee

concur with the deposition of the Chief of Defence Staff that for maintaining confidentiality and avoid divulging of military/classified knowledge, in-house research capability is much required. In this context, the Committee recommend that issue of creation of Indian National Defence University should be accorded top priority so that the nation has its own dedicated Central University to promote higher education and research in national security studies, defence technology and allied national security matters specially for the serving officers. It is too early for the Committee to take note of curriculum etc. of the University at this stage as the University itself is in nascent stage of commencement, yet they would like to be kept abreast of the developments which would lead to finality. The action taken in this regard may be intimated to the Committee within three months of the presentation of this Report.

### **BORDER ROADS ORGANIZATION (BRO)**

#### **Budgetary Allocation to BRO**

15. The Committee learn that for the year 2020-21, the final allotment to Border Roads Organization (BRO) under MoD (Civil) was ₹ 6935.25 crore and the expenditure upto November, 2020 was ₹ 4,339.66 crore. For 2021-22, the BE allocation is ₹ 6,004 crore under MoD (Civil). The Committee, after careful examination of the budgetary data received from the Ministry, deduce that as compared to allotment of ₹ 3100 crore to BRO under Capital Budget in BE 2020-21, ₹ 2500 crore have been allocated for BE 2021-22. To a specific query of the Committee regarding areas where compromises have been made or likely to be made due to reduced budgetary allocation against the projections made by the BRO, the Ministry through a written note replied that after the transfer of BRO from the Ministry of Road Transport and Highways (MoRT&H) to MoD since 2015, there has been a gradual increase in allocation of funds to BRO. Further, in order to increase the pace of expenditure and BRO's absorption capacity various steps have been taken which include new policy guidelines for preparation of Annual Works Plan and Annual Procurement Plan, enhanced delegation of powers right upto the level of Chief Engineer and Task Force Commander, adoption of Engineering Procurement & Construction (EPC) mode of execution and delinking of salary of BRO personnel from works. The Committee take

note of these steps taken to improve pace of execution of works by BRO, nevertheless, in their opinion, in current security scenario, role of BRO assumes great significance. Therefore, they recommend that funds allocated to BRO should be suitably enhanced under intimation to the Committee as per their projections to enable BRO in performing their strategic role of developing and maintaining infrastructure in Border Areas. They also recommend that the matter be taken with the Ministry of Finance in the right earnest.

#### **Required and existing number of equipment with BRO**

16. The Committee have been apprised that based on the requirement of BRO, an Annual Procurement Plan (APP) amounting to ₹ 264.45 crore has been approved for FY 2020-21. As regards the status of procurement of critical equipment, 184 Dozer II equivalent, 6 Hot Mix Plants and 108 Tippers have been approved for procurement in APP 2020-21. The Committee desired to know about the steps taken to fill the gap between required and existing equipment with BRO. In this regard, the Ministry submitted that in order to induct the latest Vehicles/Equipment/Plants (V/E/P) in BRO, enhanced delegation of powers for procurement of both indigenous and foreign construction equipment costing upto ₹ 100 crore has been accorded to DGBR. Also, policy guidelines for preparation of Annual Works Plan (AWP) and Annual Procurement Plan (APP) with reference to budget allocation to BRO has been issued so that the planning of works and the requirement of resources i.e. the size of APP, is more realistic. The Committee are pleased to learn that bridge launched by BRO on Dokala Flag Hill has been manufactured entirely in the country. They are also satisfied with the status of current equipment held by BRO. However, in concordance with the aim of self-reliance in Defence sector, they recommend that urgent and concerted efforts be initiated by all the stakeholders i.e. BRO, Ministry of Defence, DRDO and other agencies concerned to ensure that maximum quantity of equipment, plant and machinery are indigenously developed, designed and manufactured. The action taken in this regard may be apprised to the Committee within three months of the presentation of this Report.

### **Construction of Roads by BRO**

17. The Committee during their course of examination learn that in order to concentrate simultaneously on the Northern and North-Eastern Borders and for the holistic development of roads in border areas, a five year (2018-23) Long Term Roll on Works Plan (LTRoWP) has been approved for the construction/improvement for 272 roads of length 14269.31 km, 4 Ditch cum Bund (DCB) of length 353.22 km and 4 bridges. Further, out of the 280 roads of length 14,622.53 km, identified by the Army for construction/improvement, 24 roads of length 936.55 km are in the state of Uttarakhand, 61 roads of length 2270.05 km are in UT of J&K, 43 roads of length 3102.95 km are in UT of Ladakh and 104 roads of length 5226.03 km are in the North Eastern Region (excluding roads in Bhutan). The Committee are happy to note that approximately 79 percent of work has been completed by BRO with regard to construction of 61 Indo-China Border Roads (ICBRs) of length 3323.57 kilometer and approximately 44 percent of work has been completed by BRO with regard to construction of roads in difficult areas of J&K, Ladakh, Uttarakhand and North-Eastern region. The Committee are also pleased to learn about various strategic roads, bridges and tunnel completed by BRO in 2020 viz. 6 bridges in Jammu & Kashmir, Atal Tunnel in Rohtang, 44 Bridges in J&K, Ladakh, Himachal Pradesh, Punjab, Uttarakhand, Arunachal Pradesh and Sikkim. As the five year (2018-23) Long Term Roll on Works Plan (LTRoWP) of BRO is about to reach in final stages, the Committee recommend that efforts should be intensified by BRO to achieve its targets of road and infrastructure development in the border areas within the set timeframe. It would not be out of place to suggest that if required, BRO can constitute its in-House Committee for effective oversight for completing the targets of the above plan. The Committee would like to witness a situation where in remaining two years, when the plan reaches finality, cent percent targets are achieved.

### **BRO in coastal areas**

18. During deliberations on Demands for Grants 2021-22, issue of construction of Border Roads in Coastal areas of the country was surfaced. In this regard, the representatives of the Ministry informed the Committee that roads to be constructed by BRO are decided on basis of threat assessment and operational prospective of

the Forces. The Committee, at this stage, can only recommend that a comprehensive study on requirement of BRO in the Coastal areas of the country keeping in view current threat assessment and operational requirements of the Forces may be undertaken by Ministry of Defence in consultation with the Forces and BRO, and the Committee be accordingly apprised. The Committee are not oblivious of the fact that a renewed emphasis is accorded to sea power in the current threat perception scenario. Coastal roads would definitely contribute to such an aim. Therefore, this study should be effusive and be completed within the set timeline as decided by the Ministry.

### INDIAN COAST GUARD

19. The Committee note that in the year 2021-22 against projection of ₹ 6400.00 crore at BE stage, Indian Coast Guard Organisation has been allocated ₹ 5244.7200 crore. In 2020-21, Indian Coast Guard got only ₹ 5032.7600 crore at BE stage against the projection of ₹ 8596.03 crore. At RE stage, in 2020-21, the organization had put forth a demand of ₹ 6087.84 crore. However, it was allocated only ₹ 4932.76 crore, leaving a shortfall of ₹ 1155.08 crore. The Committee have also been apprised that the Indian Coast Guard envisages a force level of 200 ships / boats and 100 aircrafts by the year 2025 and for facilitation of timely materialization of targeted force level, 4 ships are under construction, 4 Ship Building Projects out of 06 are nearing completion and 16 Advanced Light Helicopters ex-HAL are planned for delivery by September 2021. To accomplish the targets in overall force level and to reach finality, it does without saying that strong financial support would be required. Since Ministry is already aware of this expansion plan, the Committee recommend that invariably all support in terms of financial, or otherwise should be provided to meet the targets.

20. The Committee also take note of the fact that Indian Coast Guard (ICG) Organisation has peace time charter and appreciate the myriad roles and responsibilities undertaken by the Coast Guard which include safety and protection of artificial islands and offshore terminals, protection of fishermen and providing assistance to them during distress at sea, preservation and protection of marine environment, assisting the Customs and other enforcement agencies in anti smuggling operations, safety of life and property from natural or man-made disasters at sea and collection of meteorological and oceanographic data for use by the

scientific fraternity. Besides, Indian Coast Guard also provides coastal security in territorial waters in coordination with Central and State agencies and it is the Lead Intelligence Agency for coastal and sea borders.

21. During the course of evidence before the Committee, the Director General of Indian Coast Guard Organisation admitted before the Committee that due to low budgetary allocation, additional allocation would be sought with the Ministry of Finance at Subsequent stage. Taking note of the fact that the Indian Coast Guard Organisation had been able to utilize all the allocated budgetary grants in the previous years and the allocation at BE stage (Revenue + Capital Budget) in 2021-22 is only ₹ 5244.7200 crore which is merely ₹ 211.96 crore more than the previous year 2020-21.

The Committee at this stage recommend that additional funds to be allocated to the Indian Coast Guard Organisation at the Revised Estimates or Supplementary Grants stage so as to meet the current requirements of the Organisation. The Committee also recommend that the Indian Coast Guard Organisation should make sincere efforts to utilize the budget allocated at BE stage in 2021-22 according to prescribed timelines and manner in order to avail additional funds at Supplementary Grants stage. The Committee would also like to be apprised of the final figures of Actual Expenditure in 2020-21 at the time of providing Action Taken Replies.

22. During presentation made before the Committee, they note that under the Revenue Head, Indian Coast Guard Organisation desired to have ₹500 crore increase in Non-Salary Revenue allocation in BE 2021-22 to clear carry forward liabilities and to cater for growth and development. Taking into consideration of the fact that in 2021-22, under Revenue Head, the Indian Coast Guard Organisation has been allocated ₹ 2594.72 crore vis-à-vis ₹ 3,200.00 projected, which is ₹ 605.28 crore short of the BE Projections, the Committee recommend that the Indian Coast Guard Organisation should be allocated appropriate funds so as to clear all the pending liabilities and have better growth and development of the organization. The Committee would like to be apprised of the latest developments in this regard.

### **Challenges and Constraints**

23. The Committee also note the various challenges and constraints faced by Indian Coast Gaurds i.e. requirement of land for operational needs, deficiency of accommodation for the personnel, pending implementation of new Land Acquisition (LA) Act 2013 for necessitating re-valuation of the land. The Committee recommend that the Ministry of Defence should pursue all the above requirements with the concerned agencies so that proper infrastructural developmen takes places in Coast Gaurd to make it an organization to reckon with.

### **DEFENCE ESTATES ORGANIZATION**

#### **Budgetary provision**

24. The Committee find that Defence Estates Organization (DEO) is responsible for maintaining land records regarding ownership/title of defence land, defending all title suits pertaining to defence lands and administration of notified Cantonments. The Committee have been apprised that as against the amount of ₹ 43,639 lakh under Revenue Head in Revised Estimates 2020-21 for Defence Estates Organisation (DEO), ₹ 35,348 lakh have been allocated in Budget Estimates 2021-22, i.e. a decrease of ₹ 8,291 lakh. In BE 2021-22 under Capital Head, ₹ 1,108 lakh have been allocated compared to that of ₹ 947 lakh on RE 2020-21, i.e. an increase of ₹ 161 lakh. The Committee note that the actual expenditure done by DEO in 2019-20 stands at ₹ 48,606.04 lakh under Revenue Head and ₹ 429.80 lakh under capital head. Keeping the pace of expenditure by DEO in 2019-20 and allotment in RE during 2020-21, the Committee opine that fund allocated in BE 2021-22 are adequate for DEO for fulfilling its mandate efficiently. Nevertheless, they recommend that additional funds, if required, to DEO at Revised Estimates stage of 2021-22 may be allocated considering expenditure done in 2020-21 and prioritization of critical works in 2021-22.

25. The Committee note that Cantonment Boards have powers to raise resources through taxation, fees, lease rent in respect of lands under their management and rentals in respect of properties belonging to and vested in the Board. The main sources of income of a Cantonment Board are local taxes such as house tax, conservancy tax, water tax, lighting tax, trade and profession tax, Service Charges

and vehicle entry fee etc. Expenditure is mostly on establishment and contingencies connected with rendering various civic services including maintenance of hospitals/dispensaries and schools. The Committee have been apprised that resources of Cantonment Boards are limited as the bulk of the property in Cantonments is Government-owned which is exempt from property tax. Moreover, the nature of the Cantonments is such that there is only limited trade and business activity and practically no industry. However, during oral evidence of the representatives of the Ministry of Defence, the Defence Secretary informed the Committee of a major achievement in respect of the finances of the Cantonment Boards. The Cantonment Boards have started receiving the share of Finance Commission grant from the State Governments after recommendation contained in the report of the 15<sup>th</sup> Finance Commission. Further, the Ministry of Defence is pursuing the State Governments to provide funds to the Cantonments as given to the Municipalities for carrying out activities/functions for their residents. The funds have been received from six States. The Committee, in this context aver and recommend that the Ministry should extend necessary budgetary and diplomatic support to the Cantonments so that various welfare initiatives taken by the Cantonment Boards in their areas continue unhampered.

#### **Encroachment of Defence Lands**

26. The Committee have learnt that as on date, about 4494 acres of defence land is under encroachment, held under the management of Defence Estates Organisation. In the opinion of the Committee, this issue is very serious and sensitive. Out of this, 2201 acres is inside Cantonments and 2293 acres is outside Cantonments. Out of this 4494 acres, about 2059 acres of land is under the unauthorised occupation of ex-agricultural lessees whose leases have already expired, about 787 acres is under unauthorised occupation of State or Central Government authorities and about 1614 acres of defence land under the management of Defence Estates Department is under encroachments by private persons. The Committee have been apprised that as regard land under unauthorised occupation of ex-agricultural lessees whose leases have already expired, administrative stay has been put in place until the resettlement of the lessees. As regard the land under unauthorised occupation of State or Central Government authorities, discussions are going on for exchange of equal value



defence land or other benefits. Besides these measures, efforts are being made to use Public Premises Act on the remaining land under the correct legal provisions.

27. The Committee have also been given to understand that following steps are being taken by the Ministry of Defence for eviction of encroachers:-

- i. Regular inspection of sites under respective jurisdiction is conducted by the Station Commander, DEO and CEO, as the case may be and they are required to issue annual certificates per rules regarding encroachments that have been taken place and action taken for its removal.
- ii. Defence land records management system has been strengthened by way of computerization of defence land records held by DEOs and Cantt Boards.
- iii. Survey, demarcation and verification of all defence land has been undertaken. Survey of defence land is now a continuing process.
- iv. The process of defence Land Audit has been institutionalized from 2011-12 as a continuing process.
- v. A Committee has been constituted under the chairmanship of Additional Secretary to periodically review action taken on removal of encroachments.

Further, Office of Surveyor General of India has been approached for consultation on use of drone technology for better management of Defence land.

28. Encroachment of cantonment has become a perennial problem. The Committee note the various measures taken/commenced to remove encroachments on defence lands yet they feel that strongest measures should be taken ab-intio as soon as any instance of encroachment comes to knowledge. The Committee have been informed earlier that a big number of court cases are ongoing in this regard. Efforts should also be made to get rid of the flimsy court cases, if started by unauthorized occupants. It is a matter of serious concern to find that approximately 46 percent of land under management of Defence Estates Organisation is under unauthorised occupation of ex-agricultural lessees whose leases have already expired. In this regard, the Committee recommend that, wherever feasible from the point of view of security and legal considerations, negotiations by way of monetary compensations or other benefits may be initiated with these lessees similar to the process being followed in case of land under unauthorised occupation of State or Central

Government authorities. They also recommend that the issue of securing equal value land from State or Central Government should be very effectively pursued to enable the Cantonments to maintain their sheen and secure the land as well.

**Expert Committee on Working of Cantonment Boards**

29. The Committee have been informed the Ministry of Defence had constituted an Expert Committee on the Working of Cantonment Boards, under Chairmanship of Shri Sumit Bose, IAS (Retd), which submitted its report to the Ministry in February, 2019. The recommendations of the Expert Committee are under examination of the Ministry for implementation. Out of 45 recommendations, action has been taken/is being taken for implementation of the recommendations as under:

(a) The Ministry of Defence has issued necessary instructions for giving permission for construction of a Water Closet/toilet in an existing building within authorized tenements.

(b) The Ministry has issued instructions for facilitating permission for repair/maintenance of houses by defining "repairs" and without seeking express sanction.

(c) Study on redevelopment of civil areas in Cantonments is being undertaken by DGDE through The Energy Research Institute (TERI). Based on the outcome, revised guidelines for building bye-laws will be issued.

(d) The XV<sup>th</sup> Finance Commission, while allocating Grants to the State Governments, has for the first time issued directions for distributing proportionate share of Grant to the Cantonment Boards in the States during the current financial year. Accordingly, the Cantonment Boards have received the first and second installments of share of Finance Commission Grants from the State Governments during the year.

(e) Steps have been initiated for the constitution of three more Committees i.e. the Finance Committee, the Education Committee and the Health &

**Environment Committee under section 48(e) of the Cantonments Act, 2006 through amendment in Business Regulations by the Cantonment Boards.**

**(f) Regarding the recommendations relating to Multi-level car parking, Land use classification and Land Use Zoning regulations / Zoning exercise / Prohibitive activities in zones and Planning and Development unit in DGDE, necessary instructions have been issued and progress of action taken is being monitored by Directorate General and Ministry of Defence.**

**(g) The policies on renewal/extension of expired / expiring Cantonment Code / Cantonment Land Administration Rules (CLAR) leases and delegation of powers for transfer & mutation of Old Grant Bungalows (OGBs) and amendment in Governor General Orders (GGO)-179 of 1836 are under consideration of the Ministry.**

**30. The Committee are satisfied, to some extent, to learn that action has been taken on some recommendations of the Expert Committee. However, some other significant policies on renewal/extension of expired/ expiring Cantonment Code/ Cantonment Land Administration Rules (CLAR) leases and delegation of powers for transfer & mutation of Old Grant Bungalows (OGBs) and amendment in GGO-179 of 1836 are under consideration of the Ministry. The Committee are of the considered view that expeditious implementation of rest of the recommendations of the Expert Committee is the need of the hour for providing relief to civilian population residing in the Cantonment areas. In this regard, they recommend that *inter alia* simplification in planning and permission process for various activities undertaken by the civilians should be heeded while taking decisions on rest of the recommendations of the Expert committee.**

#### **Amendment in Cantonment Act, 2006**

**31. The Committee note that 74<sup>th</sup> amendment of the Constitution necessitated a de-novo look into administration of Cantonments and the role of Cantonment Boards under the Cantonments Act, 1924. Accordingly, the Cantonments Act, 2006 was**

enacted to consolidate and amend the law relating to the administration of Cantonments with a view to impart greater democratization, improvement of their financial base, to make provisions for development activities and for other connected matters. During the course of examination of DFG 2021-22, the Committee were informed that several discussions have been held with the stakeholders and the new Cantonment Act is being finalized.

The Committee is not oblivious of the fact that the process of enactment of the new Act has been undergoing for a while. During the last DFG also they were informed by the Ministry of developments in this regard but to the dismay of the Committee, the new Act has not seen the light of the day. Atleast now, the Committee in no uncertain words recommend that the new Act should be finalized at the earliest because it is causing concerns from several angles. One of it is the loss of income to cantonments as the leases etc. could not be renewed until the law is enacted. Secondly, there is no representative of the public in the Cantonments as the elections could not be held, again due to want of new legislation. It is evident that various processes connected with the welfare of the residents of the Cantonment areas and elections of 62 cantonment Boards in the country are contingent upon requisite amendments in the extant Cantonment Act. Therefore, the Committee reiterate that with a view to bridge the gap between civil and military population in the Cantonment areas and achieve greater democratization in the functioning of the Cantonment Boards, the new Cantonment Act may be notified at the earliest. They also reiterate their earlier recommendation that modalities for converting civil areas of Cantonments into municipalities may be worked out and the Committee be apprised.

#### **Public Private participation model and CSR in Cantonment Areas**

32. The Committee, taking note of the resource crunch and infrastructure development often faced by the Cantonments and in the larger public interest, recommend that feasibility of private participation and implementing Corporate Social Responsibility (CSR) scheme in the educational and health institutions being run in the Cantonment areas may be explored by the Ministry of Defence. The action taken in this regard may be intimated to the Committee within one month of the presentation of this Report.

## **DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUS)**

### **Delivery of products by DPSUs**

33. The Committee find that there have been slippages to some extent on the part of certain DPSUs in adhering to the delivery timelines while supplying items to the Forces. However, as these supplies are against firm and fixed contracts, there are no slippages on account of cost in majority of instances. The Committee, through the written submission of the Ministry, learn that Hindustan Aeronautics Limited (HAL) products are highly technology intensive and first of its kind development in the country, with dependence on multiple stakeholders, including foreign Original Equipment Manufacturers (OEMs) which at times poses unforeseen challenges. Due to such project/ production aspects, there are certain instances of rescheduling of deliveries in consultation with the Customers. In case of Bharat Electronics Limited (BEL), though on-time delivery during last 5 years is around 80 percent, some of the large complex projects get delayed due to Concurrent Engineering, accord of Bulk Production Clearance, change in user requirement, specifications to incorporate additional features, site/platform readiness etc. As regards Bharat Dynamics Limited (BDL), products like Konkurs-M Anti-Tank Guided Missiles (ATGM), Invar ATGM were delivered beyond scheduled time due to technical snag encountered during proof firings. Akash Weapon Systems (AWS) were delivered beyond scheduled time due to various Design changes / modifications incorporated in Missiles & Ground Support Equipment (GSE) for improvement of the AWS, delay in receipt of input materials from vendors and delay in receipt of Tatra Vehicles from M/s BEML due to embargo.

34. In respect of Garden Reach Shipbuilders and Engineers Ltd. (GRSE), the delays in warship construction are primarily on account of delay in finalization of fit and freezing of specifications by the customer, failure of Major Equipment manufacturers and inability to progress Integrated Construction. In case of Hindustan Shipyard Limited (HSL), due to Covid-19 pandemic, there may be slippages in delivery timelines of ongoing projects due to *force majeure*. In reference to Project P75 of Mazagon Dock Shipbuilders Limited (MDL), revision of delivery dates and enhancement of cost occurred due to delay in delivery of material from OEMs/Suppliers, incomplete Technical Data Package Information System from collaborator/OEMs, delay in defect rectification and software issues and COVID 19

pandemic. The Committee opine that with vast experience of the DPSUs in dealing with core competencies in Defence sector, majority of the reasons cited above should not be a hindrance in timely delivery of products to the Forces. Keeping in view that timely delivery of products to the Forces is instrumental to the security plans of the Forces, the Committee recommend that the Ministry in consultation with the DPSUs should chalk out a foolproof strategy to strictly adhere to the time schedule of supply of Weapon systems, submarines, tanks and other assets. The Committee are mindful of the ramifications of CORONA pandemic on progress of construction and trials of equipment being developed and manufactured by the DPSUs. Therefore, they recommend that vigorous and concrete measures and requisite financial aid, wherever required, may be extended for the DPSUs to achieve timely completion of critical items to be supplied to the Forces.

**Order Book Challenges and production in Defence Public Sector Undertakings (DPSUs)**

35. After gleaning through the information supplied to the Committee, they infer that out of the nine DPSUs, Hindustan Aeronautics Limited (HAL) , BEML, Garden Reach Shipbuilders and Engineers Limited (GRSE) , Hindustan Shipyard Limited (HSL) and Mazagon Dock Shipbuilders Limited (MDL) are facing order book challenges and idling/underutilization of infrastructure capacity of certain equipment/systems in the current/coming years. The Committee learn that although in case of HAL, the 83 LCA Mk1A order is a great help to reverse the trend of declining production in the fixed wing segment, HAL rotary wing facility faces the threat of idling starting from next year onwards due to lack of timely and sufficient orders. Similarly, the Tumakuru plant is dependent on the orders for Light Utility Helicopter (LUH). BEML is having an order book position of over ₹ 12,000 crore which will be executed by 2023-24. The Committee further learn that most of the facilities in Garden Reach Shipbuilders and Engineers Ltd. (GRSE) will be idling after two years, if new orders are not received in the near future. The Committee also learn that the order book position of HSL is low when compared with other Defence shipyards and the balance orders are scheduled to be completed by end of March 2023. As regards MDL, against capacity of 11 Submarines, only 04 are under construction/Trials.

36. The Committee, after further scrutiny of the figures received from the Ministry of Defence, find there is pronounced mismatch between Profit After Tax and order book position in case of certain DPSUs. For example, in case of BEML, presently the order book position is of over ₹ 12,000 crore, whereas, the Profit After Tax (PAT) has decreased from ₹ 130.96 crore in 2018-19 to ₹ 24.06 crore in 2019-20. In the Committee's opinion, this points to certain challenges/constraints being faced in order of execution by the DPSUs. In this context, the Committee recommend that the Ministry alongwith the DPSUs should carve out a concrete mechanism for timely and efficient execution of orders placed with the DPSUs in order to ensure complete utilization of infrastructural facilities and manpower strength in the DPSUs.

37. The Committee recommend that for efficient discharge of day-to-day operations of the DPSUs and in compliance with Securities and Exchange Board of India (SEBI) regulations and Companies Act, 2013, the Ministry of Defence should ensure that there is no shortfall/vacancy in Board composition of the DPSUs.

#### Self-reliance in Defence sector

38. The Committee learn that the Ministry has taken steps to create an enabling policy environment to enhance defence production in the country. These include *inter alia* notification of a 'Negative list' of 101 items for which there would be an embargo on the import beyond the timeline indicated against them, implementation of Defence Acquisition Procedure 2020, Defence Offset Guidelines 2020, notification of new indigenization policy, simplification of Make II procedure, reforms in industrial licensing, establishment of Defence Industrial corridors in Uttar Pradesh and Tamil Nadu, identification of nearly 100 startups in Defence and Aerospace etc. The Committee are happy to note that as a result of various reforms, Micro, Small and Medium Enterprises (MSME) vendor base has been increased from 8000 to 11405 from 2019-20, contract has been signed for 83 LCA Mk-1A during Aero India and 55 projects of approximately ₹ 30,000 crore under MAKE-II have been accorded Approval-in-Principle. Further, with regard to Defence Corridors, ₹ 3700 crore investment has been announced and ₹ 1007 crore have been invested in UP corridor; ₹ 3100 crore investment has been announced and ₹ 1993 crore have been invested in Tamil Nadu Corridor. However, after examining the documents submitted by the Ministry, the Committee find that for financial year 2019-20, the value of import in

case of HAL, BEL, BEML, BDL, GRSE, GSL and MIDHANI is greater than that of exports. In the Committee's opinion, this fact highlights that more such urgent and concerted efforts of all the stakeholders *i.e.* the Ministry of Defence and DPSUs are required to achieve maximum indigenization of Defence products being manufactured by the DPSUs . They also recommend that details of the value of exports and imports for each DPSU for 2020-21 may be furnished to the Committee after the end of the current financial year.

### **CANTEEN STORES DEPARTMENT (CSD)**

#### **Budgetary Allocations**

39. The Canteen Stores Department (CSD), a Government of India Undertaking under the Union Ministry of Defence, is committed to welfare of troops of the Army, Navy and Air Force and their families, through easy access to quality products of daily use at less than market prices. The Committee note that against the projection of ₹ 25,877.72 crore in Budget Estimates 2021-22, it has been allocated ₹ 19,802.09 crore, leaving a gap of ₹ 6,075.63 crore. To a specific query of the Committee in this regard, it has been submitted by the Ministry that expenditure on operations will be optimized to ensure that the projected budget of ₹ 25,877.72 crore at BE stage in FY 2021-22 is sufficient for CSD to run its operations smoothly. The Committee are satisfied to note that facilities of CSD were also operational during CORONA pandemic. They further note that a big challenge before CSD is to complete its ongoing automation project in the financial year 2021-22, which is aimed to facilitate online purchase of Against Firm Demand (AFD) and non-AFD items and meet ever-increasing expectations of its beneficiaries. The Committee are of the considered view that allocation of projected funds is indispensable for liquidation of past committed liabilities and contractual obligations, modernization of existing warehouses, smooth operation of AFD portal and commencement of e-commerce platform for non-AFD items. In light of these facts, the Committee recommend that enhanced budgetary allocation as projected by Canteen Stores Department may be extended to them and the Committee be apprised consequently.



## WELFARE OF EX-SERVICEMEN

40. The Committee learn that Department of Ex-servicemen Welfare (ESW) formulates various policies and programmes for the welfare and resettlement of ESM in the country. This Department has two Divisions viz., the resettlement Division and the Pension Division and has 3 attached offices namely Secretariat of Kendriya Sainik Board (KSB), Directorate General of Resettlement (DGR) and Ex-servicemen Contributory Health Scheme (ECHS) Organisation. Welfare of the Ex-Servicemen and their dependents is the joint responsibility of the Centre and the States/UTs. Like the Kendriya Sainik Board at the Centre, the Rajya/Zila Sainik Boards are responsible for policy formulation and implementation of resettlement and welfare schemes for Ex-Servicemen, widows and their dependents residing in their respective States/UTs/Districts. There are 33 Rajya Sainik Boards and 403 Zila Sainik Boards in the country to assist the Central Government in this regard.

41. During the course of the examination of Demands for Grants 2021-22, the Committee learn that Sainik Welfare Boards are run at State Level and District Level as Rajya Sainik Board and Zila Sainik Board in terms of cost. 75% cost is borne by the Government of India for special category Hill States at these two levels. For this purpose entire expenditure is borne by the State Government and claims are sent by the State Governments for settlement. The Committee with cautious optimism note that currently there is a backlog of ₹ 60-70 crore to be settled with the State Governments, the claims for which now have been approved. Taking note of the fact that ₹ 100 crore have been allocated at RE level for the Welfare of Ex-Servicemen and at this juncture, the Committee can only recommend that the funds allocated at RE Stage should be utilized to settle all the pending claims with the State Governments as the Ministry has assured. The Committee would also like to be apprised of the latest status of the pending claims.

42. The Committee are given to understand during the deliberations on DFG 2021-22 that some of the Sainik Kalyan Boards at District Level are not functioning in the way they should function for the welfare and resettlement of Ex-Servicemen. The Committee opine that the Rajya/Zila Sainik Boards are responsible for policy formulation and implementation of resettlement and Welfare Schemes for Ex-Servicemen, widows and their dependents residing in their respective

State/UTs/Districts. The Committee in this regard recommend that the Ministry should direct the States/UTs to set up an infallible monitoring mechanism to ensure that the Sainik Kalyan Board at State/District level functioning impeccably. The Committee further desire that a dedicated team to inspect the working and proper functioning of these Zila/Rajya Sainik Kalyan Boards regular intervals should be deputed so that the very purpose of establishing them are well served. The Committee further recommend that the Ministry should take concerted steps in consultation with the Union Territories of Jammu & Kashmir and Ladakh to establish Sainik Kalyan Boards each at the earliest.

43. The Committee appreciate new initiatives taken/contemplated by DGR like Technical Service, women centric service and Office-cum-House Keeping & Maintenance (OHK&M) Scheme. The Committee desire publicity of these schemes should be given through RSB so that maximum number of Ex-Serviceman takes benefit of such scheme. The Committee also recommend that data of each and every Ex-Serviceman who has retired from the service should be maintained so that the Ministry of Defence could know what profession they are choosing so that policy initiatives depending on their inclination can be made for their eventual benefit.

44. In conclusion, the Committee find that Department of Welfare of Ex-Serviceman has a very important role to perform. They are supporting various schemes for the resettlement of the ex-serviceman which does not only take care of the social benefits post retirements but even acts as an incentive for the willing citizens who intend to join the forces. Since the current examination is focused mainly on the budgetary grants, it is not feasible for the Committee to examine each and every such scheme individually. Therefore, the Committee recommend that a brief pinpointed note may be furnished to them on each and every such scheme containing inter-alia a comparison between the benefits and the constraints felt in the resettlement of such serviceman. This should include Sainik Welfare Boards functioning also. Such a note may bring out the numerical figures also as to the number of applicants and the numbers as to how many of such applicants got the benefit. The Committee would like to use this information in their subsequent examinations on subject reports or otherwise.

## DEFENCE PENSION

### Budgetary Provisions

45. The Committee learn that Defence Pensions under the Ministry of Defence provides for Pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three services viz. Army, Navy and Air Force and employees of Ordnance Factories etc. It covers payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc. The Committee find that as on 1.04.2020, there are total 32,77,742 Defence Pensioners which include 6,16,467 Defence Civilian Pensioners and 26,61,275 Armed Forces Pensioners. The Committee have been apprised that the amount allocated for BE 2021-22 in respect of Defence Pensions is ₹ 1,15,850 crore, which is ₹ 19,975 crore lesser than the allocation of BE 2020-21. When asked, the reason, as given by the Ministry, for this decrease is liquidation of previous year's carry over pension liabilities. The Committee, after examination of the budgetary data made available by the Ministry, note that 2016-17 onwards this is the first instance when BE allocation for a financial year for Defence Pension is lesser than that of the previous financial year. Another reason for this phenomenon is freezing of Dearness Allowance (DA) for a specified time period in view of Government's decision arising out of COVID 19 pandemic. The Committee also take note of the Defence Secretary's deposition that there is no proposal for amending the rightful pension of the Defence Pensioners. In this context, keeping in view the increase in number of Defence pensioners and release of DA after a set timeframe, the Committee at this stage can only recommend that, if need arises, additional funds may be allotted to the Ministry under Defence Pension budget. It is needless to say that the requirement may be revisited at the appropriate time.

### Centralized Pension Disbursement System

46. The Committee also learn that a web based interactive pension disbursement system for Defence Pensioners, with a view to reduce their grievances and automate the entire pension process starting with initiation of claim to sanction, disbursement and periodic revisions, is already being rolled out for Defence Civilians. The pilot for Army and Air Force is expected to be run shortly and module for the Navy is in final

stages of development. Further, up to 95 percent of payments are reaching through e-mode, however, internal audit is one crucial area which is yet to be digitalized. During oral evidence on the subject, the Committee were apprised that most of the grievances/complaints pertaining to pensioners are related to the banks; the reasons being different interpretations of a Government circular, mistakes in calculation of pension etc. Keeping in view the above facts and need for bringing greater transparency, accessibility and integration of information and swifter grievance redressal in respect of Defence pension, the Committee recommend that urgent and concerted efforts be made to implement Centralised Pension Disbursement System for all categories of Defence Pensioners at the earliest. They also recommend that factual position of the details such as IT infrastructure, manpower, funds and other requisite elements for timely and glitch-free implementation of the System may be intimated to the Committee within three month of the presentation of this report.

#### **Pension Adalats**

47. The Committee note that Pension Adalats are held by Controller General of Defence Accounts (CGDA) from time to time to redress the grievances of veterans. In these Adalats, representatives of Principal Controller of Defence Accounts (PCDA), Banks and other authorities assemble at one place for redressal of pension related grievances of veterans of Armed Forces. 175 Pension Adalats have been held so far across the country since 1987. During the last 3 years (2018 to 2020), 9075 grievances were received and 8997 grievances were settled in Pension Adalats. In the year 2021, 1 nationwide Adalat has been held through video-conferencing in which 61 grievances have been received and 34 grievances have been settled. In this context, the Committee recommend that more such e-Adalat initiatives be commenced in order to comply with 'social distancing' norms in this pandemic period while reaching out to the pensioners for their eventual benefit. The Committee also recommend that name 'Pension Adalat' is misnomer as there is no adalat as such, therefore, its name should be changed to some convincing name viz. 'Pension Samadhan' etc. or any other appropriate title as deemed fit by the Ministry.

### **One Rank One Pension (OROP)**

48. The Committee learn from the written submission of the Ministry of Defence that a sum of ₹ 10,795.4 crore has been disbursed as arrears to Defence Pensioners/Family pensioners on account of implementation of OROP. The next revision of pension under OROP was due w.e.f. 01.07.2019. It is convincing to learn that with the approval of Hon'ble Raksha Mantri, orders were issued on 14.6.2019 to constitute a Committee under the Chairmanship of Controller General of Defence Accounts (CGDA) to work out the modalities and methodology of implementation of next revision of pension under OROP. The Committee have also learnt that a plea challenging the basic definition of OROP and implementation policy finalized by the Government has been filed in the Court of law. In this regard, the Committee recommend that current status of the case , alongwith the details thereof, may be intimated to the Committee within three months of the presentation of this Report. Such details should contain the main contentions of the plaint on which case has been filed. It is deemed necessary in order to enable the Ministry to conduct due diligence so that further cases of this nature be avoided and only very genuine cases proceed for taking legal recourse.

New Delhi;  
15 March, 2021  
24 Phalguna, 1942 (Saka)

JUAL ORAM  
Chairperson  
Standing Committee on Defence

## **STANDING COMMITTEE ON DEFENCE (2020-21)**

### **MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2020-21)**

The Committee sat on Wednesday, the 17<sup>th</sup> February, 2021 from 1100 hrs to 1730 hrs in Committee Room D, Ground Floor, Parliament House Annexe, New Delhi.

#### **PRESENT**

**Shri Jual Oram** - **Chairperson**

#### **MEMBERS**

##### **Lok Sabha**

2. Kunwar Danish Ali
3. Shri Ajay Bhatt
4. Choudhary Mehboob Ali Kaiser
5. Smt. (Dr.) Rajashree Mallick
6. Dr. T.R. Paarivendhar
7. Shri Kapil Moreshwar Patil
8. Shri Jugal Kishore Sharma
9. Shri Brijendra Singh
10. Shri Mahabali Singh
11. Shri Durga Das Uikey

##### **Rajya Sabha**

12. Dr. Ashok Bajpai
13. Shri Prem Chand Gupta
14. Shri V. Lakshmikantha Rao
15. Shri Kamakhya Prasad Tasa
16. Dr. Sudhanshu Trivedi
17. Lt. Gen. Dr. D. P. Vats (Retd.)

## SECRETARIAT

- |    |                     |   |                      |
|----|---------------------|---|----------------------|
| 1. | Smt. Kalpana Sharma | - | Additional Secretary |
| 2. | Dr. Sanjeev Sharma  | - | Director             |
| 3. | Shri Rahul Singh    | - | Deputy Secretary     |

## LIST OF WITNESSES

### MINISTRY OF DEFENCE

Sl. No.	Name & Designation
1.	Dr. Ajay Kumar, Defence Secretary
2.	Gen. Bipin Rawat, CDS & Secy. DMA
3.	Shri Ravikant, Secretary (ESW)
4.	Shri Raj Kumar, Secretary(DP)
5.	Lt. Gen CP Mohanty, VCOAS
6.	VAdm G Ashok Kumar, VCNS
7.	VAdm R Hari Kumar, CISC
8.	Shri Jiwesh Nandan, Addl. Secy.
9.	Smt. Nivedita Shukla Verma, Addl. Secy
10.	Shri Sanjay Jaju, Addl. Secy. (DP)
11.	Lt. Gen. Anil Puri, Addl. Secy.
12.	Air Mshl Sandeep Singh, DCAS
13.	Smt. Mala Dutt, FA(DS)
14.	Lt. Gen. Harsha Gupta, Adjutant General
15.	Lt. Gen Harpal Singh, E-in-C
16.	Lt. Gen Rajinder Dewan, DG SP
17.	Lt. Gen Paramjit Singh, DCOAS (Strat)/DGMO

18.	Lt Gen TK Chawla, DG FP
19.	Lt. Gen RKS Kushwaha, DG OS
20.	Lt. Gen SS Mishra, QMG
21.	Lt. Gen Shantanu Dayal, DCOAS (CD&S)
22.	VAdm Narayan Prasad, IN(Retd.), CMD MDL
23.	Shri A.N. Das, Addl. FA(AN) & JS
24.	Shri RK Karna, Addl. FA(RK) & JS
25.	Shri Rajesh Sharma, Addl. FA(RS) & JS
26.	Shri Anurag Bajpai, JS(P&C)
27.	Shri Puneet Agarwal, JS(LS)
28.	Shri Chandraker Bharti, JS(Aero)
29.	Shri Surendra Prasad Yadav, JS(NS)
30.	Maj Gen NR Indurkar, MD ECHS
31.	Maj Gen K Narayanan, JS(Army & TA)
32.	Maj Gen Adosh Kumar, Offg MGS
33.	Maj Gen KP Singh, ACIDS (Transformation)
34.	Maj Gen H Dharmarajan, ADG FP
35.	Maj Gen Pankaj Chouhan, ADG Works
36.	Maj Gen S K Khanna, DG Works
37.	AVM SK Jha, JS (Air)
38.	AVM N M Desai, ACAS (Fin P)
39.	RAdm Kapil Mohan Dhir, JS(Navy & Def Staff)
40.	RAdm Sameer Saxena, ACNS (P&P)
41.	RAdm VK Saxena (Retd.), CMD GRSE
42.	Cmde Siddharth Mishra (Retd), CMD BDL
43.	Shri R. Madhavan, CMD HAL
44.	Shri MVG Gowtama, CMD BEL
45.	Cmde Hemant Khatri, CMD HSL
46.	Shri MV Rajasekhar, CMD BEML
47.	Cmde BB Nagpal, CMD GSL
48.	Dr. Sanjay Kumar Jha, CMD MIDHANI



49.	Shri D. Gopi Krishna, GM (Prod & Marketing), MIDHANI
50.	Shri Ambarish Barman, Director (Budget)
51.	Brig MRK Rajesh Panicker, MA to VCOAS
52.	Brig Bimal Monga, Brig (Budget)
53.	Brig UK Ojha, Brig FP(B)
54.	Brig Tarun Agrawal, Brig FP(A)
55.	Brig RS Lamba, Brig CD(B)
56.	Cmde Joginder Chandna, Cmde (Budget)
57.	Smt. Deepa Bajwa, DGDE
58.	Lt. Gen RK Anand, DG LW&E
59.	Maj Gen NR Indurkar, MD ECHS
60.	Smt. Inderjeet Kaur, Sr. Addl. DG
61.	DG K Natarajan, DG ICG
62.	Dr. Pudi Hari Prasad, JS(ESW)
63.	Mrs. Nidhi Chhibber, Joint Secretary
64.	Shri Rakesh Mittal, Joint Secy.
65.	Maj Gen MK Sagoch, DG (Resettlement)
66.	Maj Gen YP Khanduri, GM & Chairman, BOA
67.	IG Mukesh Purohit, DDG(P&P)
68.	Shri Valeti Premchand, Addl. DG
69.	Shri Ravi Shankar, Addl. DG
70.	Smt. Sonam Yangdo, Addl. DG
71.	Smt. Vibha Sharma, Addl. DG
72.	DIG SC Gupta, PD(P&P)
73.	Dr. PP Sharma, OSD (WE)
74.	Shri Sushil Kumar, Director (Res.I)
75.	Air Commodore B Ahluwalia, Secy. Kendriya Sainik Board
76.	Smt. Sharmishtha Maitra, Director
77.	Brig Akaash Johar
78.	Shri Harendra Singh, DDG
79.	Comdt (JG) TD Pandey, DD(Plans)

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them of the agenda for the Sitting i.e. oral evidence of the representatives of Ministry of Defence in connection with examination of Demands for Grants for the year 2021-22 on the subjects 'General Defence Budget, Department of Military Affairs (DMA), Ministry of Defence (Civil) and Defence Public Sector Undertakings (DPSUs), Directorate General Defence Estate (DGDE), Ex-Servicemen Welfare, Canteen Stores Department (CSD), Border Roads Organization (BRO), Coast Guard Organisation (CGO), Navy and Joint Staff'.

3. The Committee then invited the representatives of the Ministry of Defence and the Services/Organisations. The Chairperson welcomed the representatives to the Sitting of the Standing Committee on Defence and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings. Thereafter, the Chairperson requested the representatives of the Ministry of Defence to brief the Committee on various issues included in the agenda for the day.

4. The Defence Secretary initiated the discussion by giving an overview of Defence Services Estimates and other Demands for Grants of the Ministry of Defence for 2021-22. The highlights of the brief given by the Defence Secretary are as under:

- i. Significant increase in allocation under Capital Outlay by 18.75 percent over Financial Year 2020-21;
- ii. 100 new Sainik Schools in partnership with NGOs/private schools/States;
- iii. Allocation under Non-Salary Revenue to meet operational requirement increased to Rs. 54,624.67 crore;
- iv. Introduction of new Defence Acquisition Procedure in 2020; and
- v. Delegation of emergency procurement powers to the Services.

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

- i. Basis of selection of new Sainik Schools and role of the Ministry of Defence in such selection;

- ii. Difference between projection and allocation of funds;
- iii. Increase in Defence Budget for 2021-22 in comparison with Budget Estimates and Revised Estimates 2020-21;
- iv. Schedule of commencement and other details viz. curriculum, selection of teaching faculty etc. of Indian National Defence University;
- v. Plans for critical procurement of equipment in Defence Budget;
- vi. Replacement of MIG aircraft in Air Force;
- vii. Current status of Army Base Workshops;
- viii. Updates regarding Wheeled Armoured Personnel Carriers;
- ix. Plans to compensate for urgent and critical capabilities in view of mismatch between allocation and project at Revised Estimates stage in 2020-21;
- x. Notification of Negative list of import of 101 items in line with steps being taken for 'Aatmanirbhar Bharat'; and
- xi. Clarification regarding findings of a recent study by United Service Institution of India (USI) on Indian Army personnel.

6. The representatives of the Ministry of Defence commenced their briefing on the subject 'Defence Public Sector Undertakings' through a Power Point presentation. This was followed by detailed deliberations on the following issues:

- i. Commendable role of Bharat Electronics Limited (BEL) in manufacturing of ventilators during COVID period;
- ii. Percentage of contribution of Hindustan Aeronautical Limited (HAL) in manufacturing of helicopters in the country;
- iii. Mismatch between order book position and Profit after Tax/Value of Sales in certain DPSUs;
- iv. Shortfall in composition of Board of Directors in a DPSU; and
- v. Delivery of submarines by Mazagon Dock Shipbuilders Limited (MDL).

7. Thereafter, a Power Point Presentation by the representatives of the Defence Estates Organisation (DEO) was made. This was followed by extensive discussion on the following points:

- i. Implementation of recommendations of Expert Committee on the Working of Cantonment Boards;
- ii. Amendment of Cantonment Board Act, 2006;
- iii. Participation of private agencies and introduction of Corporate Social Responsibility (CSR) scheme in educational and health institutions in the Cantonment areas;
- iv. Elections of Cantonment Boards;
- v. Budgetary provisions for 2021-22 and effect on various activities carried out by Cantonment Boards ;
- vi. Encroachment of Defence lands;
- vii. Proposal to convert civil areas of Cantonments into municipalities;
- viii. Issues related to convenience of the civilian population residing in the Cantonment areas such as renewal of leases, repair ect., simplification of permission process etc.

8. Next, a Power Point Presentation was made by the representatives of the Department of Ex-Servicemen Welfare. This was followed by detailed deliberations on following issues:

- i. Current status of pending bills of Ex-Servicemen Contributory Health Scheme (ECHS);
- ii. Payment of bills for emergency treatment of COVID in respect of Ex-Servicemen;
- iii. Skill development and other welfare programmes for Ex-Servicemen and their re-settlement;
- iv. Budgetary grants for the Department of Welfare of Ex-Servicemen;
- v. Share of State Governments in Sainik Board; and
- vi. Opening up of 100 Sainik Schools consequent to the announcement in the Union budget.

9. Thereafter, a presentation was given by Canteen Stores Department (CSD) and followed by discussion *inter alia* on operationalisation of facilities of CSD during CORONA pandemic etc.

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

- i. Organisation structure in BRO;
- ii. Connectivity of border roads;
- iii. Public private participation model in BRO;
- iv. Construction of roads in coastal areas;
- v. Use of indigenous equipment by BRO;
- vi. Training of manpower;

11. Thereafter, the Chairperson invited representatives of the Coast Guard Organisation. The representatives of the Coast Guard Organisation commenced their briefing through a Power Point presentation. This was followed by discussion *inter alia* on mismatch between projection and allocation in budgetary provisions for Indian Coast Guard.

12. The representatives of the Ministry of Defence commenced their briefing through a Power Point presentation on Navy. This was followed by detailed deliberations *inter alia* on the following issues:

- i. Additional allocation of funds to Navy in Revised Estimates 2020-21;
- ii. Sea trials of aircraft carrier;
- iii. Role of Indian Navy in Quadrilateral Security Dialogue (QUAD); and
- iv. Difference between projection and allocation in budget.

13. Thereafter, a presentation on Joint Staff was made which was followed by discussion *inter alia* on budgetary provisions for Joint staff and Indian National Defence University.

14. The Chairperson directed the representatives of the Ministry to furnish written replies/information on the points raised by the Members at the earliest.

The Committee then adjourned.

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

**STANDING COMMITTEE ON DEFENCE (2020-21)**

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON  
DEFENCE (2020-21)**

The Committee sat on Thursday, the 18 February, 2021 from 1100 hrs. to 1740 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI JUAL ORAM**

-

**CHAIRPERSON**

**MEMBERS**

**LOK SABHA**

2. Kunwar Danish Ali
3. Shri Ajay Bhatt
4. Shri Rahul Gandhi
5. Shri Annasaheb Shankar Jolle
6. Choudhary Mehboob Ali Kaiser
7. Smt. (Dr.) Rajashree Mallick
8. Dr. T.R. Paarivendhar
9. Shri Kapil Moreshwar Patil
10. Shri Jugal Kishore Sharma
11. Dr. Shrikant Eknath Shinde
12. Shri Brijendra Singh
13. Shri Kotagiri Sridhar
14. Shri Durga Das Uikey

**RAJYA SABHA**

15. Dr. Ashok Bajpai
16. Shri Prem Chand Gupta
17. Shri V. Lakshmikantha Rao
18. Shri Sanjay Raut
19. Shri Rajeev Satav
20. Dr. Sudhanshu Trivedi
21. Lt. Gen. Dr. D. P. Vats (Retd.)

## SECRETARIAT

1. Smt. Kalpana Sharma - Additional Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

### **LIST OF WITNESSES**

### **MINISTRY OF DEFENCE**

#### **Sl. No. Name & Designation**

1. Shri Ajay Kumar, Defence Secretary
2. Gen. Bipin Rawat, CDS & Secy. DMA
3. Shri Ravikant, Secretary (ESW)
4. Shri Raj Kumar, Secretary(DP)
5. Lt. Gen CP Mohanty, VCOAS
6. Shri Jiwesh Nandan, Addl. Secy.
7. Shri Sanjay Jaju, Addl. Secy. (DP)
8. Lt. Gen. Anil Puri, Addl. Secy.
9. Smt. Mala Dutt, FA(DS)
10. Lt. Gen. Harsha Gupta, Adjutant General
11. Lt. Gen Harpal Singh E-in-C
12. Lt. Gen Rajinder Dewan, DG SP
13. Lt. Gen Paramjit Singh, DCOAS (Start)/DGMO
14. Lt. Gen TK Chawla, DG FP
15. Lt. Gen SS Mishra, QMG
16. Lt. Gen Shantanu Dayal, DCOAS (CD&S)
17. Lt. Gen Tarun Kumar Aich, DG NCC
18. Lt. Gen RK Malhotra, DGQA
19. Shri A.N. Das, Addl. FA(AN) & JS
20. Shri RK Karna, Addl. FA(RK) & JS
21. Shri Rajesh Sharma, Addl. FA(RS) & JS
22. Dr. Pudi Hari Prasad, JS(ESW)
23. Shri Shantanu, JS(Parl & Works)
24. Shri Satish Singh JS(Trg)
25. Shri Puneet Agarwal, JS(LS)
26. Maj Gen NR Indurkar, MD ECHS
27. Maj Gen K Narayanan, JS(Army & TA)
28. Maj Gen Adosh Kumar, Offg MGS
29. Maj Gen H Dharmarajan, ADG FP
30. Maj Gen Pankaj Chauha, ADG Works
31. Maj Gen S K Khanna, DG Works
32. Shri Rajeev Ranjan, ADG (Adm)
33. Dr. PP Sharma, OSD(WE)
34. Shri Ambarish Barman, Director (Budget)

35. Brig MRK Rajesh Panicker, MA to VCOAS
36. Brig Bimal Monga, Brig (Budget)
37. Brig UK Ojha, Brig FP(B)
38. Brig Tarun Agrawal, Brig FP(A)
39. Brig RS Lamba, Brig CD(B)
40. Brig P K Sharma, Inspecting Officer Sainik Schools Society
41. Shri S Gopal Krishna, Director (Trg)
42. Brig Jim James, Brig QA (Dte of PP&T)
43. Shri CP Gusia, Dir (P&F)
44. Dr. G. Satheesh Reddy, Secretary, Deptt. DR&D & Chairman DRDO
45. Shri CS Vishwakarma, DGOF & Chairman/OFB
46. Shri K.S. Varaprasad, DS & DG(HR)
47. Dr. AK Singh, DS&DG(LS)
48. Ms. Nabanita R Krishnan, OS & DG(R&M)
49. Shri GN Rao, OS& DG(PC&SI)
50. Air Mshl Sandeep Singh, DCAS
51. Lt. Gen RKS Kushwaha, DG OS
52. Air Mshl HS Arora, ADC
53. Shri Subir Mallick, Addl. FA & Addl. Secy
54. Shri RK Arora, Member/Finance (OFB)
55. AVM NM Desai, ACAS (Fin P)
56. AVM SK Jha, JS (Air)
57. Dr. Ravindra Singh, Sc 'G' & Dir. DPARO&M
58. Dr. Sumit Goswami, Sc 'F' & Dir. DP&C
59. Shri M.P. Gupta, Addl. Dir., DFMM
60. AVM N Tiwari, ACAS(Plans)
61. Dr. K. Ramachandran, OS & Director, DIPR
62. Shri Alok Mall, Scientist 'G' & Director, DHRD
63. Shri Vivek C Verma, Secy/OFB
64. Shri Vijay Mitta, DDS/OFBNDO
65. Shri PK Dash, DDG/ P&P OFB
66. Shri NI Laskar, DDG/Budget, OFB
67. Shri B. Krishnamoorthy, Dir/ OFBNDO
68. Shri Devi Dutt Nailwal, JWM(SG)/OFBNDO
69. Brig T Rajesh Bhanu, Brig ADB(TRC)

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the Ministry of Defence and the Defence Services. The Chairperson welcomed the representatives to the sitting of the Standing Committee on Defence and requested them to brief the Committee on various issues included in the agenda for the day. He also drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha.



3. The Vice Chief of Army Staff commenced the briefing by giving an overview on Army to the Committee and thereafter, a Power Point presentation was made. This was followed by detailed deliberations on following issues:

- 1) Budgetary allocation to Army;
- 2) Maintaining ideal ratio between Revenue and Capital Budget;
- 3) Use of non-salary revenue for operation and maintenance of Indian Army
- 4) Under-utilisation of Capital expenditure due to Covid
- 5) Less allocation as compared to amount projected by Army
- 6) Compulsory retirement of non-essential staff
- 7) Updation on situation at China borders
- 8) Restructuring of Army
- 9) Reduction in tooth-to-tail ratio

4. Thereafter, a Power Point presentation was made by the representatives of Military Engineer Services (MES) covering the following issues:

- 1) Standard schedule of rates for construction activities
- 2) Under utilization of Revenue and Capital budget due to Covid-19
- 3) Use of solar energy

5. The Chairperson then invited representatives of Directorate General of Quality Assurance (DGQA). The representatives of DGQA commenced their briefing through a Power Point presentation which was followed by discussion on following issues:

- 1) Role of DGQA organization in procurement of ammunitions etc.
- 2) Third party inspection of ammunition and store
- 3) Training programme of DGQA personnel
- 4) Role of DGQA in providing testing facility to private sector
- 5) Process of testing of ammunition supplied to Forces
- 6) Shortage of manpower

6. Thereafter, the Chairperson invited representatives of the National Cadet Corps (NCC). They made a Power Point presentation before the Committee which was followed by discussion on following issues:

- 1) Training of NCC cadets in war like situation
- 2) Creation of jobs for NCC Cadets in Armed and other Forces
- 3) Expansion of NCC in schools, colleges and Coastal and Border Areas
- 4) Implementation of Self Financing Scheme(SFS) in schools and colleges
- 5) Inclusion of Skill development syllabus for NCC Cadets
- 6) Implementation of Super 30 scheme for NCC cadets for selection in Armed Forces
- 7) Use of Tamil Nadu and Uttar Pradesh Defence Corridors for increasing employability of the NCC Cadets.

7. The representatives of the Sainik Schools were invited next by the Chairperson. The representatives of the Sainik Schools commenced their briefing through a Power Point presentation which was followed by discussion on following issues:

- 1) Issues related to opening of 100 new Sainik Schools
- 2) Use of CSR policy for Sainik Schools
- 3) Implementation of EWS quota in Sainik Schools
- 4) Involvement of private sector and NGO in the proposed opening of new Sainik Schools
- 5) Release of pension of teachers
- 6) Percentage of Cadets of Sainik Schools in Forces

8. Consequently, a Power Point Presentation was made by the representatives of the Ex-Servicemen Contributory Health Scheme (ECHS), which was followed by discussion on following issues:

- 1) Mismatch in projected Estimate and the actual Budget Estimate of ECHS
- 2) Present policy of ex-servicemen getting treatment in service hospitals
- 3) Enhancement of capacity of service hospitals
- 4) Employment of Infantry Officers and doctors as OIC, ECHS
- 5) Issue of pendency of payments of bills of hospitals empanelled under ECHS

9. Subsequent to a briefing by the Vice Chief of the Air Staff regarding overview on modernization plan of Indian Air Force (IAF), a Power Point presentation was made. This was followed by detailed deliberations on following issues:

- 1) Self-reliance in maintenance and repair of Aircraft
- 2) Dependency on HAL and BEL for maintenance and repair of different type of Aircraft
- 3) Under-utilisation of budget
- 4) Decline in percentage of budget allocations;
- 5) Shortage of Training Aircraft
- 6) Indigenous development of AMCA Aircraft

10. Then, a Power Point presentation was given on Defence Research and Development which was followed by discussion on the following points:

- 1) Indigenisation of products by DRDO
- 2) Coordination with private Industry and Technology transfer to private industries
- 3) Revenue generation for technology transfer to private industry

- 4) Opening of new laboratory for Artificial Intelligence
- 5) Implementation of Performance related Incentive Scheme in DRDO as introduced in ISRO
- 6) Participation of private sector in R&D of DRDO
- 7) Shortage of Scientists in DRDO
- 8) Opening of new Defence Corridors in Tamil Nadu and Uttar Pradesh
- 9) Enhancement in research activities in area of Chemical, Nuclear and Biological warfare

11. Thereafter, a Power Point presentation was given by the representatives of the Ordnance Factory Board (OFB), which was followed by discussion on the following points:

- 1) Corporatization of Ordnance Factories for efficient, accountable and autonomous organization and to improve quality of products and expand their market
- 2) Use of upgraded version of 'Dhanush Gun'
- 3) Exporting of Ordnance Factories' products to other countries
- 4) Shortage of manpower
- 5) Delay of Product delivery to Forces by Ordnance Factories
- 6) Quality Check of ammunition
- 7) Use of Ordnance Factories weapons for personal use and private market
- 8) Coordination between Ordnance Factories, DRDO and other agencies in Transfer of Technology of products.

12. The Chairperson directed the representatives of the Ministry to furnish written replies/information on the points raised by the Members at the earliest.

The Committee then adjourned.

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

**STANDING COMMITTEE ON DEFENCE (2020-21)**

**MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON DEFENCE  
(2020-21)**

The Committee sat on Friday, the 19 February, 2021 from 1100 hrs. to 1340 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI JUAL ORAM**

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**CHAIRPERSON**

**LOK SABHA**

- 2 Shri Devusinh Jesingbhai Chauhan
- 3 Shri Nitesh Ganga Deb
- 4 Shri Annasaheb Shankar Jolle
- 5 Choudhary Mehboob Ali Kaiser
- 6 Shri Kapil Moreshwar Patil
- 7 Shri Anumula Revanth Reddy
- 8 Shri Jugal Kishore Sharma
- 9 Shri Prathap Simha
- 10 Shri Brijendra Singh
- 11 Shri Kotagiri Sridhar
- 12 Shri Durga Das Uikey

**RAJYA SABHA**

- 13 Dr. Ashok Bajpai
- 14 Shri Sanjay Raut
- 15 Shri Rajeev Satav
- 16 Dr. Sudhanshu Trivedi
- 17 Lt. Gen. Dr. D. P. Vats (Retd.)

## **SECRETARIAT**

1. Smt. Kalpana Sharma - Additional Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

## **LIST OF WITNESSES**

## **MINISTRY OF DEFENCE**

### **Sl. No. Name & Designation**

1. Dr. Ajay Kumar, Defence Secretary
2. Gen. Bipin Rawat, CDS & Secy. DMA
3. Shri Ravikant, Secretary (ESW)
4. Shri Sanjiv Mittal CGDA
5. Lt. Gen CP Mohanty, VCOAS
6. Air Mshl HS Arora, VCAS
7. VAdm G Ashok Kumar, VCNS
8. Ms. Anuradha Mitra, Addl. CGDA
9. Lt. Gen. Anil Puri, Addl. Secy.
10. Smt. Mala Dutt, FA(DS)
11. Lt. Gen Rajinder Dewan, DG SP
12. Lt. Gen Paramjit Singh, DCOAS (Strat)/DGMO
13. Lt Gen TK Chawla, DG FP
14. Lt. Gen SS Mishra, QMG
15. Lt. Gen Shantanu Dayal, DCOAS (CD&S)
16. Lt. Gen RK Anand, DG LW&E
17. Air Mshl SP Wagle, DCIDS
18. Air Mshl BR Krishna, DG Air(Ops)

19. Mr. VL Kantha Rao, DG(Acq)
20. Dr. Pudi Hari Prasad, JS(ESW)
21. Shri Rakesh Mittal, Joint Secy. (Estt.)
22. Shri A.N. Das, Addl. FA(AN) & JS
23. Shri RK Karna, Addl. FA(RK) & JS
24. Shri Rajesh Sharma, Addl. FA(RS) & JS
25. Shri Shantanu, JS(Parl & Works)
26. Smt. Dipti Mohil Chawla, JS&AM(LS)
27. Mrs. Nidhi Chhibber, JS&AM(MS)
28. Shri Sanjai Singh, JS&AM(Air)
29. Maj Gen Adosh Kumar, Offg MGS
30. Maj Gen H Dharmarajan, ADG FP
31. Maj Gen Jagdeep Singh Ishar, DGMAP
32. Maj Gen PK Saini
33. Maj Gen Ashok Singh, ADG PS
34. AVM N Tiwari, ACAS(Plans)
35. AVM SK Jha, JS(Air)
36. AVM NM Desai, ACAS (Fin P)
37. RAdm Sameer Saxena, ACNS(P&P)
38. IG Mukesh Purohit, DDG(P&P)
39. Shri Praveen Kumar, DDG (DOMW)
40. Smt. K Inderjeet Kumar, Sr. Jt. CGDA
41. Shri Kanwaldeep Singh, Jt. CGDA (Pen)
42. Smt. Vinakshi Gupta, Jt. DGDA
43. Shri Vishvajit Sahay, PCDA (Pen)
44. Shri Akhilesh Kumar, CDA
45. Shri Ambarish Barman, Director (Budget)
46. Brig MRK Rajesh Panicker, MA to VCOAS
47. Brig Bimal Monga, Brig (Budget)
48. Brig UK Ojha, Brig FP(B)
49. Brig Tarun Agrawal, Brig FP(A)
50. Brig RS Lamba, Brig CD(B)

51. Brig Paritosh Shah, DDG
52. Mr. VK Adhana, Director(Acq)
53. Mr. LM Kaushal, Advisor (Cost)

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the Ministry of Defence. The Chairperson welcomed the representatives to the Sitting of the Standing Committee on Defence and requested them to brief the Committee on various issues included in the agenda for the day and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

3. The representatives of the Ministry of Defence then gave a Power Point Presentation on Married Accommodation Project (MAP). This was followed by a detailed discussion on the subject and during deliberations following issues were discussed:

- (i) Budgetary allocations for MAP.
- (ii) Reduction in the initially sanctioned number of Dwelling Units under MAP.
- (iii) Proposal for increasing dwelling units under MAP in Kashmir Valley.
- (iv) Preference for accommodation for Lady officers in the Defence Forces.
- (v) Allotment of already completed dwelling units of MAP.
- (vi) Constraints on construction activities for civilians around military stations.

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

- (i) Enhancement of Foreign Direct Investment limit under Defence Acquisition Policy from 49 per cent to 74 per cent.
- (ii) Digital facilities for the private players under DPP
- (iii) Efforts to encourage indigenisation in Defence sector to reduce dependence on imports
- (iv) Inclusion of more private industries under DAP 2020.
- (v) Ensuring quality of products manufactured under Make in India.

(vi) Delays in design and development of a product to be manufactured indigenously.

(vii) Adherence to the time-line for acquiring a defence asset.

5. Thereafter, a Power Point Presentation on Ministry of Defence-Pension was made by representatives of Ministry of Defence. This was followed by extensive discussion on the following issues:

(i) Reduction in the final calculated amount of the Defence Pension in 2020-21.

(ii) Issues related with One Rank One Pension (OROP).

(iii) Constraints and problems related with disbursal of Pension.

(iv) Time frame for redressal of grievances of Ex-servicemen.

(v) Manpower employed under Controller General of Defence Accounts (CGDA).

(vi) Centralised Pension Disbursement System.

6. The Chairperson directed the representatives of the Ministry of Defence and other organizations 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 (2020-21)**

**MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON  
DEFENCE (2020-21)**

The Committee sat on Tuesday, the 09 March, 2021 from 1500 hrs. to 1530 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI JUAL ORAM**

-

**CHAIRPERSON**

**MEMBERS**

**LOK SABHA**

2. Kunwar Danish Ali
- 2 Shri Ajay Bhatt
- 3 Shri Rahul Gandhi
- 4 Shri Annasaheb Shankar Jolle
- 5 Choudhary Mehboob Ali Kaiser
- 6 Pro. (Dr.) Ram Shankar Katheria
- 7 Smt. (Dr.) Rajashree Mallick
- 8 Shri Kapil Moreshwar Patil
- 9 Shri Anumula Revanth Reddy
- 10 Shri Jugal Kishore Sharma
- 11 Dr. Shrikant Eknath Shinde
- 12 Shri Brijendra Singh
- 13 Shri Kotagiri Sridhar
- 14 Shri Durga Das Uikey

## **RAJYA SABHA**

- 15 Dr. Ashok Bajpai
- 16 Shri Prem Chand Gupta
- 17 Shri V. Lakshmikantha Rao
- 18 Dr. Sudhanshu Trivedi
- 19 Lt. Gen. Dr. D. P. Vats (Retd.)

## **SECRETARIAT**

1. Smt. Kalpana Sharma - Additional Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

2. At the outset, Hon'ble Chairperson welcomed the Members of the Committee and gave a brief on the following six reports to be adopted during the meeting and also solicited their suggestions :-

- (i) Demands for Grants of the Ministry of Defence for the year 2021-22 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen and Defence Pensions (Demand Nos. 18 and 21)';
- (ii) Demands for Grants of the Ministry of Defence for the year 2021-22 on 'Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos.19 and 20)';
- (iii) Demands for Grants of the Ministry of Defence for the year 2021-22 on 'Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 20)';
- (iv) Demands for Grants of the Ministry of Defence for the year 2021-22 on 'Ordnance Factories, Defence Research and Development Organisation, Directorate General of Quality Assurance, and National Cadet Corps (Demand Nos. 19 and 20)';
- (v) Action Taken by the Government on the Observations/Recommendations contained in the Third Report (17<sup>th</sup> Lok Sabha) on the subject 'Demands for Grants of the Ministry of Defence for the year 2019-20 on Capital Outlay on

Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 20)'; and

- (vi) Action Taken by the Government on the Observations/Recommendations contained in the Seventh Report (17<sup>th</sup> Lok Sabha) on the subject 'Demands for Grants of the Ministry of Defence for the year 2020-21 on Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 20)'.

3. However, some members requested Hon'ble Chairperson for some more time to study the Reports. As per consensus arrived at in the meeting, Hon'ble Chairperson postponed the meeting to 15.03.2021 (Monday).

4. Hon'ble Chairperson also informed the Committee that the responses to Members, supplementary questions will be received from the Ministry in due course of time. Accordingly, Hon'ble Chairperson directed that those responses would be incorporated at subsequent stages such as examination of subject reports, drafting On the Spot Study Tour questionnaires and even at the time of finalizing Action Taken Reports, if required.

The Committee then adjourned.

**STANDING COMMITTEE ON DEFENCE (2020-21)**

**MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON DEFENCE  
(2020-21)**

The Committee sat on Monday, the 15 March, 2021 from 1000 hrs. to 1045 hrs. in Committee Room No. 'B', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI JUAL ORAM**

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**CHAIRPERSON**

**LOK SABHA**

2. Shri Ajay Bhatt
3. Shri Rahul Gandhi
4. Shri Kapil Moreshwar Patil
5. Shri Anumula Revnath Reddy
6. Shri Jugal Kishore Sharma
7. Shri Prathap Simha
8. Shri Brijendra Singh
9. Shri Kotagiri Sridhar
10. Shri Durga Das Uikey

**RAJYA SABHA**

11. Dr. Ashok Bajpai
12. Shri Sanjay Raut
13. Dr. Sudhanshu Trivedi
14. Lt. Gen. Dr. D. P. Vats (Retd.)

## SECRETARIAT

1. Smt. Kalpana Sharma - Additional Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

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

- (vii) **Demands for Grants of the Ministry of Defence for the year 2021-22 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen and Defence Pensions(Demand Nos. 18 and 21)';**
- (viii) **Demands for Grants of the Ministry of Defence for the year 2021-22 on 'Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 19 and 20)';**
- (ix) **Demands for Grants of the Ministry of Defence for the year 2021-22 on 'Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 20)';**
- (x) **Demands for Grants of the Ministry of Defence for the year 2021-22 on 'Ordnance Factories, Defence Research and Development Organisation, Directorate General of Quality Assurance, and National Cadet Corps (Demand Nos. 19 and 20)';**
- (xi) **Action Taken by the Government on the Observations/Recommendations contained in the Third Report (17<sup>th</sup> Lok Sabha) on the subject 'Demands for Grants of the Ministry of Defence for the year 2019-20 on Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 20)'; and**
- (xii) **Action Taken by the Government on the Observations/Recommendations contained in the Seventh Report (17<sup>th</sup> Lok Sabha) on the subject 'Demands for Grants of the Ministry of Defence for the year 2020-21 on Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 20)'.**

3. After some deliberations, the Committee adopted the above reports without any modifications. During the deliberations, certain issues on the working of BRO, Ex-Servicemen Contributory Health Scheme and Defence Estates Organisation/Cantonments

figured. The Committee decided to include these issues during in-depth examination of the subject reports.

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

The Committee then adjourned.

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