

**IMPLEMENTATION OF RECOMMENDATIONS OF PAC  
BY MINISTRIES OF FINANCE, DEFENCE AND WOMEN  
AND CHILD DEVELOPMENT**

**VARIOUS MINISTRIES**

**PUBLIC ACCOUNTS COMMITTEE  
(2019-20)**

**FIFTH REPORT**

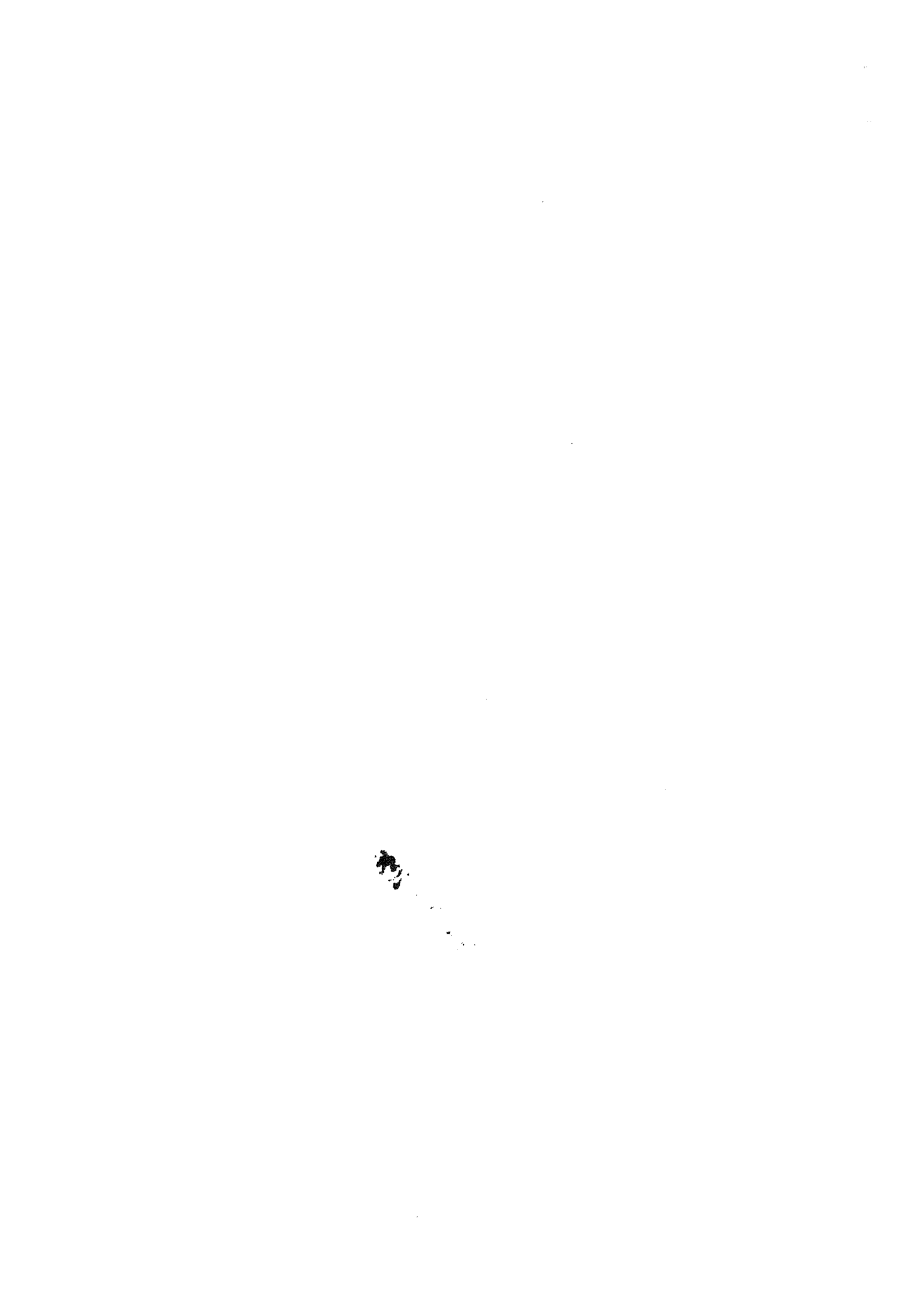
---

**SEVENTEENTH LOK SABHA**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**



PAC NO. 2186

# **FIFTH REPORT**

## **PUBLIC ACCOUNTS COMMITTEE** **(2019-20)**

(SEVENTEENTH LOK SABHA)

**IMPLEMENTATION OF  
RECOMMENDATIONS OF PAC BY  
MINISTRIES OF FINANCE, DEFENCE AND  
WOMEN AND CHILD DEVELOPMENT**

VARIOUS MINISTRIES



Presented to Lok Sabha on: .....

Laid in Rajya Sabha on: .....

04 FEB 2020

**LOK SABHA SECRETARIAT  
NEW DELHI**

January, 2020 / Magha, 1941 (Saka)



## CONTENTS

		PAGE
	COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2019-20)	(iii)
	COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2018-19)	(iv)
	COMPOSITION OF THE SUB-COMMITTEE III OF PUBLIC ACCOUNTS COMMITTEE (2018-19)	(v)
	I NTRODUCTION	(vi)
CHAPTER I	Introduction.....	
CHAPTER II	Implementation of recommendations of the 75th Report on 'Performance of Import and Export Trade Facilitation through Customs Ports' and 97th Report on Action Taken Thereon.	
Chapter III	Implementation of recommendations of the 21 <sup>st</sup> Report on "Role of Indian Coast Guard" and 51 <sup>st</sup> Report on Action Taken by the Government thereon	
Chapter IV-	Implementation of recommendations of the 32nd Report on 'Indigenous Construction of Indian Naval Warships' and 59th Report on Action Taken by the Government thereon	
Chapter V-	Implementation of recommendations of the 14th Report on 'Integrated Child Development Services (ICDS) Scheme' and 35th Report on Action Taken by the Government thereon	
<b>APPENDICES*</b>		
I	Minutes of the Second Sitting of the Sub-Committee III of PAC (2018-19) held on 11 September, 2019	
II	Minutes of the Third Sitting of the Sub-Committee III of PAC (2018-19) held on 27 September, 2019	
III	Minutes of the Fourth Sitting of the Sub-Committee III of PAC (2018-19) held on 27 February, 2019	
IV	Minutes of the Fifth Sitting of the Sub-Committee III of PAC (2018-19) held on 29 April, 2019	
V	Minutes of the Eleventh Sitting of PAC (2019-20) held on 28 February, 2020	

---

\*Will be appended at the time of printing.



**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2019-20)**

**Shri Adhir Ranjan Chowdhury - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

**RAJYA SABHA**

16. Shri Rajeev Chandrasekhar
17. Prof. M. V. Rajeev Gowda
18. Shri Naresh Gujral
19. *Vacant\**
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

**SECRETARIAT**

1. Shri T.G.Chandrashekhar - Joint Secretary
2. Shri M.L.K. Raja - Director
3. Smt. Bharti S. Tuteja - Additional Director
4. Ms. Malvika Mehta - Committee Officer

---

\* Shri Bhubaneswar Kalita ceased to be a Member of Committee consequent upon his resignation from Rajya Sabha on 05 August, 2019





**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2018-19)**

**Shri Mallikarjun Kharge - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri Subhash Chandra Baheria
3. Shri Sudip Bandyopadhyay
4. Shri Prem Singh Chandumajra
5. Shri Gajanan Chandrakant Kirtikar
6. Shri Bhartruhari Mahtab
7. Smt. Riti Pathak
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Janardan Singh Sigriwal
10. Shri Abhishek Singh
11. Shri Gopal Shetty
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Chanabasappa Udasi
15. Dr. Ponnusamy Venugopal

**RAJYA SABHA**

16. Prof. M. V. Rajeev Gowda
17. Shri Bhubaneswar Kalita
18. Shri Shwait Malik
19. Shri Narayan Lal Panchariya
20. Shri Sukhendu Sekhar Roy
21. Shri Bhupender Yadav
22. Shri C.M. Ramesh



**Composition of Sub-Committee – III (Implementation of Recommendations of PAC)  
of Public Accounts Committee (2018-19)**

Convenor	:	1.	Shri Bhartruhari Mahtab
Alternate Convenor	:	2.	Shri Subhash Chandra Baheria
Members	:	3.	Shri Sudip Bandyopadhyay
		4.	Dr. P.Venugopal
		5.	Shri Shwait Malik
		6.	Shri Bhubaneswar Kalita



## INTRODUCTION

I, the Chairman, Public Accounts Committee, having been authorised by the Committee, do present this Fifth Report (Seventeenth Lok Sabha) on "**Implementation of Recommendations of PAC by Ministries of Finance, Defence and Women and Child Development**" relating to the Ministries of Finance, Defence and Women and Child Development.

2. The Sub-Committee III on 'Implementation of Recommendations of PAC' was constituted by the Public Accounts Committee (2018-19) (16<sup>th</sup> Lok Sabha) to ascertain the actual implementation of the recommendations made by the Committee in their various reports and a total of 46 reports were allocated to the Committee. The Sub-Committee took up the following reports presented during the 16<sup>th</sup> Lok Sabha for detailed examination and report thereon:- the 75<sup>th</sup> Report on "Performance of Import and Export Trade Facilitation through Customs Ports" and 97<sup>th</sup> Report on "Action taken by the Ministry on the 75<sup>th</sup> Report"; 21<sup>st</sup> Report on "Role and Functioning of Indian Coast Guard" along with 51<sup>st</sup> Report on "Action taken by the Ministry on the 21<sup>st</sup> Report"; 32<sup>nd</sup> Report on "Indigenous Construction of Indian Naval Warships" and 59<sup>th</sup> Report on "Action taken by the Ministry on the 32<sup>nd</sup> Report" and 14<sup>th</sup> Report on "Integrated Child Development Services (ICDS)" and 35<sup>th</sup> Report on "Action taken by the Ministry on the 14<sup>th</sup> Report.

3. The Sub-Committee took evidence of the representatives of the Ministries of Finance, Defence and Women and Child Development on the status of implementation of recommendations at their sittings held on 11 September, 2019, 27 September, 2019 and 27 February, 2019. The Sub-Committee of PAC (2018-19) considered and adopted this Report at their sitting held on 29 April, 2019. The Report was considered and adopted by the Public Accounts Committee (2019-20) during their sitting held on 28<sup>th</sup> January, 2020. The Minutes of the Sittings form Appendices to the Report.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** at the end of chapters 2, 3, 4 and 5.

5. The Committee thank Sub-Committee-III (Implementation of Recommendations of PAC) of the predecessor Committee (2018-19) for taking oral evidence of the concerned Ministries and obtaining information on the subjects.

6. The Committee would also like to express their thanks to the representatives of the Ministry of Finance, Defence and Women and Child Development for tendering evidence before the Sub-Committee and furnishing the requisite information to the Committee in connection with the examination of the subjects.

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

NEW DELHI;  
30 January, 2020  
10 Magha 1941 (Saka)

ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee



## CHAPTER-I

### Introduction

1.1 The Public Accounts Committee is the principal instrument of the Parliament for enforcing financial accountability of the Executive to the Legislature. In pursuance of this objective, the Committee take up subjects for detailed examination. The lines of inquiry and preliminary information are derived from the reports of the C&AG of India followed by written and oral submissions made by the Government. Thereafter, the Committee give observations/ recommendations in their reports pointing out extravagance or waste for corrective and remedial action. These recommendations not only bring out the inefficiencies, irregularities and other shortcomings in the implementation of policies and programmes approved by the Parliament but also are constructive suggestions for bringing about improvements in working and better utilization of resources in the larger interest of the nation. The Government is expected to gear up the administrative machinery for optimum performance and galvanise the national economy to serve public interest.

1.2 The Government is required to take action on the observations/recommendations given by the Committee and submit its replies within six months. After analyzing the action taken replies so submitted, Action Taken Reports are presented by the Committee to the Parliament. The analysis includes categorization of replies into those accepted by the Government, those which the Committee do not desire to pursue in view of the replies received from the Government, those that have not been accepted by the Committee and which require reiteration and those in respect of which the Government have furnished interim replies. Regarding actual implementation of the recommendations of the Committee that have been accepted by the Government, though the C&AG examines the status of implementation of these recommendations during follow up audit after a few years, there is no mechanism to simultaneously determine and ensure actual implementation of the same. As the implementation of these recommendations is imperative in ensuring best use of limited resources for accelerating the process of development, transparency in Government action, probity in public life and inspiring reverence for accountability to Parliament, the need was felt to devise an alternative to monitor the implementation of the compliance by the Government.

1.3 It is in the above context, to ascertain the actual implementation of the recommendations made by the Committee in their various reports, that the Sub-Committee III on 'Implementation of Recommendations of PAC' of Public Accounts Committee (2018-19) (16<sup>th</sup> Lok Sabha) was constituted and a total of 46 reports were allocated to the Committee. The Committee took up for detailed examination 8 reports (four Original Reports along with their four Action Taken Reports) for finding out the extent of implementation of the recommendations made by the Committee. These are:-

- i. 75<sup>th</sup> Report (16<sup>th</sup> LS) on "Performance of Import and Export Trade Facilitation through Customs Ports" and 97<sup>th</sup> Report<sup>1</sup> (16<sup>th</sup> LS) on "Action taken by the Ministry on the 75<sup>th</sup> Report" *ibid*;
- ii. 21<sup>st</sup> Report on "Role and Functioning of Indian Coast Guard" along with 51<sup>st</sup> Report (16<sup>th</sup> LS) on "Action taken by the Ministry on the 21<sup>st</sup> Report" *ibid*;
- iii. 32<sup>nd</sup> Report (16<sup>th</sup> LS) on "Indigenous Construction of Indian Naval Warships" and 59<sup>th</sup> Report (16<sup>th</sup> LS) on "Action taken by the Ministry on the 32<sup>nd</sup> Report" *ibid*; and,
- iv. 14<sup>th</sup> Report (16<sup>th</sup> LS) on "Integrated Child Development Services (ICDS)" and 35<sup>th</sup> Report (16<sup>th</sup> LS) on "Action taken by the Ministry on the 14<sup>th</sup> Report" *ibid*.

1.4 Each of the above eight reports are available on the webpage of the Public Accounts Committee on Lok Sabha website. The reports have been examined in detail in the succeeding chapters wherein the Committee have recorded their observations and recommendations on important issues.

---

<sup>1</sup> The 97<sup>th</sup> Report was the Action Taken Report on the 75<sup>th</sup> Report, therefore, though not allocated to the Sub-Committee, it was also considered.



Chapter II- Implementation of recommendations<sup>1</sup> of the 75<sup>th</sup> Report on 'Performance of Import and Export Trade Facilitation through Customs Ports' and 97<sup>th</sup> Report on Action Taken Thereon.

A. Summary of 75<sup>th</sup> Report

2.1 The 75<sup>th</sup> Report (16<sup>th</sup> LS) of PAC (2016-17) on 'Performance of Import and Export Trade Facilitation through Customs Ports' was presented to the Hon'ble Speaker on 29<sup>th</sup> April, 2017 and presented to the Lok Sabha/laid on the Table of the Rajya Sabha on 18<sup>th</sup> July, 2017. The Committee had observed the importance of effective trade facilitation measures for India to maintain its current pace of growth and felt therefore, that adequate regulatory framework, policy implementation, operational issues and internal controls were of paramount importance. The Committee had found inordinate delays in the various stages of export and import clearances on account of a complex and arduous documentation process, delays in allotment of berths by port authorities and bottlenecks in reduction of transaction costs. It was also found that delays in import clearances were of a higher order than in the case of export clearances. There were shortfalls such as incomplete facilitation process mapping, weak target setting, inadequate monitoring mechanism, lack of infrastructure and feeder network facilities, non-coordination between stakeholders to improve trading infrastructure and non-existent electronic connectivity among all the regulatory agencies.

2.2 After in depth examination of the subject which included deliberations with various stakeholders such as Ministry of Textiles, Department of Commerce, Director General of Foreign Trade, Ministry of Shipping, Ministry of Road Transport and Highways, Railway Board, Federation of Indian Export Organization and Federation of Indian Chambers of Commerce and Industry, the Committee in their 75<sup>th</sup> report made 8 recommendations which mainly included a comprehensive policy to be brought out with defined milestones for trade facilitation to adhere to the binding commitments and timelines of WTO (World Trade Organisation) Trade Facilitation Agreement; analysis of the impact of all trade facilitation measures including an analysis of compliance costs vis-à-vis the benefits accrued along with stringent steps against those who did not adhere to the timelines and preparation of a plan for trade facilitation for the next 5 years; comprehensive audit of all trade facilitation measures and installation of feedback mechanism by CBIC; prescribing of time frames for clearing goods by the various authorities concerned; recruitment to augment operational requirements of the Customs at air/sea ports, procurement of Mobile Gamma Ray container Scanners etc. to help in coordinating fast clearances of consignments and facilitate trade; regular training and orientation programmes; uniform investigation protocol in DRI; separate trade disputes redressal mechanism; intimation of notifications to all ports on real time basis; development of an integrated risk management system; and, regulator for controlling operations of shipping lines.

## B. Summary of 97<sup>th</sup> Report

2.3 After examination and analysis of the action taken replies from the Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes and Customs, the Committee presented the 97<sup>th</sup> Report (16<sup>th</sup> LS) on Action taken by the Ministry on the 75<sup>th</sup> Report to the Parliament on 28<sup>th</sup> February, 2018. While the Committee accepted replies of the Ministry on five recommendations, they made further observations in respect of three of them. In case of remaining three recommendations, replies of the Ministry were categorized as interim. Regarding the impact of trade facilitation measures, the Committee further desired that a comparative statement of the border and compliance costs of trading in India vis-à-vis other countries like China, USA, Brazil and South Asian Association for Regional Cooperation (SAARC) countries may be furnished to evaluate the effectiveness of efforts made by the Department of Commerce (DoC); and that a cost benefit analysis be carried out to check if importers and exporters had actually benefitted by the measures implemented by the DoC.

2.4 In the context of Key Performance Indicators, the Committee desired that internal controls be strengthened for all manual transactions and 100 % internal audit be provided to ensure that such transactions have been done on genuine grounds and that migration of CBIC's e-services to the new hardware may be done in a prescribed time frame to minimise inconvenience to the users. Further in respect of delay in clearing goods by importers at ports, the Committee recommended that since all the agencies were functioning under the National Committee on Trade Facilitation (NCTF) for trade facilitation, the time frames for clearance of goods be fixed for each of the agency concerned by the NCTF and in addition to publishing of the SLS of PGAs, a consolidated chart of timelines of all departments/ agencies may also be uploaded on the website. The Committee had also desired that provision may be made for punitive action against the officials of the agencies concerned for not adhering to the timelines and a statement of such irregularities and the action taken thereon be placed before the NCTF for their perusal.

2.5 In regard to factors affecting facilitation, the Committee while noting that the National Committee for Trade Facilitation (NCTF) had taken various measures to ensure 'ease of doing business' the Committee had desired to be apprised of the action taken on the following issues:- prescribing a time frame for clearance of goods by all departments/agencies involved, development of an integrated Risk Management System (RMS) essential for clearance of goods within a prescribed time frame, intimation of notifications to all the ports on real time basis, integration of Customs and Excise portals for factory stuffing permissions, adjusting duties, delays in executing Chennai-Ennore Port Connectivity Project and Four lane Elevated Link Road from Chennai to Maduravoyal due to differences with the State Government, lack of rail and other infrastructure to move containers to inland container depots and lack of feeder network at the international container trans shipment terminal.

2.6 On implementation of recommendations contained in the 75<sup>th</sup> and 97<sup>th</sup> reports of the Committee, the Sub-Committee took oral evidence of the Ministry of Finance, Department of Revenue along with the other concerned Ministries and Departments on 11<sup>th</sup> September, 2018.

### C. Trade Facilitation

2.7 The Committee had desired that a comprehensive policy with defined milestones for trade facilitation may be made urgently to adhere to the binding commitments and the timelines in the WTO Trade Facilitation Agreement. While furnishing the status of implementation of the same, the Ministry of Finance submitted the following:-

"The Union Cabinet approved the formation of National Committee on Trade Facilitation (NCTF) as per Article 23.2 of the WTO TFA with the Cabinet Secretary as its chair. Consequent to India's ratification of the WTO Agreement on Trade Facilitation (TFA) on 22nd April 2016, the National Committee on Trade Facilitation (NCTF) has been constituted vide order dated 11<sup>th</sup> August 2016. It is the apex body for driving trade facilitation measures across all Ministries. The establishment of the Committee is part of the mandatory, institutional arrangement of the TFA. Its mandate is to finalize a National Trade Facilitation Action Plan and monitor the work of TFA implementation and domestic co-ordination in the country.

India ratified the TFA on 22/04/2016 and has also notified its Category A and Category B commitments. Our category A commitments contain measures that are immediately enforceable and our Category B commitments have a timeline of 5 years for implementation. Though we are largely compliant with regard to our Category A commitments, we aim to achieve global standards of performance for such Articles. For our Category B commitments, we intend to strengthen our institutional, administrative, legal and IT related capabilities including identification of nature of changes required in these areas to ensure time-bound compliance within the next five years of the TFA coming into force i.e. by 22<sup>nd</sup> February, 2022.

The composition of NCTF is inclusive of all major stakeholders from the government and the private sectors.

The NCTF has a three- tiered structure -

- (1) National TF committee - Representatives of all stakeholders included.
- (2) Steering committee – A subset of the National committee with a core group of public and private membership.
- (3) Working groups – Small & adhoc groups of experts from relevant institutions working on a specific trade facilitation measure or project.

It was decided in the first meeting of the Steering committee, held on 16/11/2016, to constitute the following four Working Groups as follows –

(i) Working Group on Legislative Changes - To identify areas where requisite changes are required in our policy, regulatory and legal framework so as to dynamically improve the level of compliance of our Category A commitments and fulfil our Category B commitments.

(ii) Working Group on Infrastructure Augmentation- As infrastructure is the prime enabler for trade facilitation, to identify and upgrade our present infrastructural gaps vis-a-vis reduction in transaction costs and time at critical sea ports, airports and land custom stations at the borders.

(iii) Working Group on Time Release Study- To study the dwell – time patterns of import – export cargo across major ports, airports, ICDs, LCSs in India in a multi –modal framework w.r.t. air, land and sea modes of transportation and to suggest an Action Plan on measuring and publishing the average release times for import and export goods so as to recommend ways to reduce the overall cargo dwell time.

(iv) Working Group on Outreach Programme - To disseminate and publish information pertaining to WTO- TFA and trade facilitation measures undertaken by the government in general across the country. This will be a collaborative effort between the government officials and private stakeholders on a user-friendly platform / interface.

The suggestions of all the four Working Groups along with the recommendations received from the Private Sector have been co-opted in the Draft National Trade Facilitation Action Plan which was presented at the second meeting of the NCTF held on 08/06/2017.

The second meeting of NCTF was held on 8<sup>th</sup> June, 2017. The meeting focused on the approval of the National Trade Facilitation Action Plan 2017 -2020 which has 76 trade facilitation measures with definite timelines for implementation. Each activity is identified with a lead agency responsible for its execution with either of the three timelines - Short Term (0-6 months), Mid Term (6-18 months) and Long – term (18-36 months). The private sector members of Steering Committee and NCTF like ASSOCHAM, FFFAI, FICCI, EICI etc. also gave their suggestions on augmenting the trade facilitation climate. All these have been co-opted in the Action Plan which is also mapped to the TFA Articles and aligned to our policy objectives on improving the Ease of Doing Business. The Action plan has an overall aim to transform cross border clearance eco-system through efficient, transparent, risk based, coordinated, seamless, hurdle free, technology driven procedures which are supported by state-of-the-art sea ports, airports, rail, road and other logistics infrastructure.

The National Trade Facilitation Action Plan aims to bring down the overall cargo release time as below -

- i. **For imports** – Within 3 days for Sea Cargo, within 2 days for Air Cargo and Inland Container Depots and on the same day for Land Customs Stations.
- ii. **For exports** –Below 2 days for Sea Cargo and on the same day for Air Cargo, Inland Container Depots and Land Customs Stations.

Since, infrastructure and technology augmentation are prime enablers for trade facilitation, more so for India, the draft National Trade Facilitation Action Plan presented at the second meeting of the NCTF also contains 51 activities in these areas. Since they go beyond the ambit of the TFA per se, they have been defined as *TFA Plus* category as they will continue to be pivotal pillars for the NCTF.

There were also significant representations from the private sector bodies such as FICCI, PHD Chamber of Commerce, FIEO, FFFAI and CII in both the first and second meetings of the NCTF who gave a variety of recommendations to the Committee.

Some recent developments in regard to trade facilitation are:

The percentage of Direct Port Delivery (DPD) in JNPT is 46% and in Chennai it is more than 50%. These ports constitute more than 50% of total containerised cargo in the country. Efforts are underway to improve the percentage of DPD in other ports like Mundra, Tuticorin, Vishakapatnam Cochin etc. Also, at JNPT, the number of importers who have been granted DPD facility have increased from around 700 on 1st June, 2017 to more than 2500 in June, 2018. Once all these importers avail DPD facility, the overall percentage of DPD clearances would go up to 72%. Consignments availing DPD have an overall clearance time of 68 hours.

On the export side measures like DPE (Direct Port Entry), introduction of e-sealing of containers have increased the trade facilitation. Also, eSANCHIT for electronic filing of supporting documents have been introduced on pilot basis for exporters. This is in continuation of similar facility for importers.

Legislative changes have been made to implement a number of provisions of the Trade Facilitation Agreement Viz. Advance Ruling, Inward Processing of Goods, Outward Processing of Goods etc."

2.8 With regard to status of implementation of the recommendation on impact of trade facilitation measures, the Ministry of Finance submitted the following information:-

"Departments associated with international trade have taken a number of measures in the past few years for facilitating exports and imports. The overall effectiveness of these measures has been captured through the World Bank's Doing Business Reports released annually. The reports capture the efficiency of ease of exports and imports through its Trading Across Borders parameter. The reports show that India's performance has improved on many parameters. For example, report shows that the Time of export has come down. The border compliance time for exports has come down from 109.3 hours (2016 report) to 106.1 hours (2018 report). The documentary compliance time for exports has

come down from 41.5 hours (2016 report) to 38.4 hours (2018 report). The report also shows that the cost of export has come down.

DGFT/DOC has implemented the following Trade Facilitation Measures in the past few years.

- 1. Reducing number of Documents:** Number of mandatory documents required for exports and imports have been reduced to 3 each for export and import. Earlier 7 documents were required for exports and 10 for imports. DGFT in January 2016 has also specified that any violations in this regard should be brought to its notice.
- 2. Reducing number of Schemes:** The New Foreign Trade Policy (2015-20) was launched on 1st April, 2015 with a focus on supporting both merchandise and services exports and improving the 'Ease of Doing Business'. DGFT consolidated 5 different incentive schemes under the earlier policy for rewarding merchandise exports into a single scheme, namely the Merchandise Exports from India Scheme. The replaced schemes are: Focus Product Scheme (FPS), Focus Market Scheme (FMS), Market Linked Focus Product Scrip (MLFPS), Vishesh Krishi and Gram UdyogYojna (VKGUY), Agri. Infrastructure Incentive Scrip.
- 3. PAN of firm is being issued as IEC by the DGFT w.e.f July 1,2017.** The process of making application and issuance of IEC is online and secure. IEC has also been integrated with the eBIZ portal of DIPP. IEC and EPCG applications have been integrated with the eNivesh portal implemented by PMG set up by the Cabinet Secretariat.
- 4. Use of electronic Bank Realization Certificate (eBRC) system has been extended.** DGFT shares data generated by the electronic bank realization certificate (eBRC) system with 17 agencies. The eBRC system captures details of the foreign exchange received by exporters through the banking channel. So far, DGFT has signed MOUs with 14 State Governments, 2 Central Government agencies and GSTN for sharing of the data. At the State level, Commercial Tax Departments of 14 states have signed MoU with DGFT for receiving e-BRC data for VAT refund purposes. These are: (i) Maharashtra, (ii) Delhi, (iii) Andhra Pradesh, (iv) Odisha, (v) Chhattisgarh, (vi) Haryana, (vii) Tamil Nadu, (viii) Karnataka, (ix) Gujarat, (x) Uttar Pradesh, (xi) Madhya Pradesh, (xii) Kerala, (xiii) Goa and (xiv) Bihar. In addition, Ministry of Finance, Enforcement Directorate, Agricultural & Processed Food Products Export Development Authority and GSTN have signed MoU.
- 5. The 'Aayat Niryat' Forms used for making online application to DGFT, have been simplified bringing in clarity in different provisions, and enhancing electronic governance.**

## 6. Web Portals

- DGFT has launched a new look website making it more user-friendly and easy to navigate. DGFT website has a large dynamic component whereby the trade community can file applications online for IEC and various other schemes of DGFT. The exporters can also see the status of their electronic Bank realization certificates in almost real-time. The website is rich in content with all documents related to Foreign Trade Policy along with a responsive online grievance redressal system.
- Indian Trade Portal launched by Department of Commerce and managed by FIEO displays information useful for export import. It contains the Trade enquiries uploaded by Indian trade missions, Tariff and Trade data of India's major trade partners, Export Market Reports, and Trade Agreements etc.
- EXIM Dashboard launched at the commerce.gov.in website. Allows users a graphical understand of India's export and imports at the product, country and port level. Popular with exporters on account of useful data depicted in uncomplicated manner.

## 7. DGFT: Facilities for Complaint Resolution

- Contact@DGFT system has been activated at the DGFT website (www.dgft.gov.in) as a single point contact for resolving all foreign trade related issues. Exporters/Importers use this facility for resolution of foreign trade related issues either directly concerning DGFT (headquarters or regional offices) or concerning other agencies of the Central or State Governments. A reference number is issued for each request so that the status of action taken can be tracked. Effective monitoring arrangements have been made.
  - DGFT maintains an active Twitter handle (#DGFTINDIA) with more than 26400 followers. Responses to tweets sent to CIM's account and DGFT handle are managed through the Twitterseva service and more than 7200 tweets have been replied to w.e.f Apr 2016 with an average reply time of less than 12 hours.
  - Grievances on policy, procedure and implementation issues registered at the Public grievances portal of Department of Administrative Reforms & Public Grievances are handled promptly.
8. Outreach & Niryat Bandhu Scheme-In the last two years, 50,000 new and prospective exporters have attended the Niryat Bandhu outreach programs through the regional offices of DGFT. DGFT conducted outreach activities at 34 clusters, as part of NiryatBandhu. In addition, an online training programme has been started with the IIFT for first time entrepreneurs.

Further, India has signed the WTO agreement on Trade Facilitation and is duty bound to implement the commitments taken towards facilitating trade. For this, Government has prepared a National Trade Facilitation Action Plan to transform cross border clearance eco-system through efficient, transparent, risk based, coordinated, digital, seamless and technology driven procedures which are supported by state-of-the-art sea ports, airports, land border crossings, rail, road and other logistics infrastructure and to bring down the overall cargo release time.

The first Task Force on Transaction Cost in Exports was constituted in 2009, with the main objective of making India's export more competitive. The Report of the Task Force was released in February 2011. The task force identified 44 key issues and provided recommendations to the concerned Government department and agencies. Twenty-three of these recommendations were implemented leading to mitigation of transaction costs by approximately Rs 2,100 Crores.

The second task force on Transaction Cost in Exports, constituted in 2013, gave 63 recommendations pertaining to various Ministries. As per the status available on Aug-2016, concerned Departments didn't agree on 11 recommendations and 8 recommendations were pending for implementation. After the implementation of Goods and Services Tax (GST), some of these recommendations are no longer relevant.

A separate Logistics Division has been created in DoC to deal with 'integrated development of logistics' with its mandate to promote inter-modal movement. A copy of the Report of the task force has been furnished to the Logistics Division for further follow up."

#### **D. Governance, Risk and Compliance**

2.9 In the context of governance, risk and compliance, the Committee had recommended that a comprehensive audit of the implementation of all trade facilitation measures taken by the Government of India may be undertaken. In response, the Ministry submitted the following:-

"The Committee observed specific cases of lapses in implementation of trade facilitation measures however it has been the endeavor of the department to ensure that each trade facilitation measure is implemented successfully. As regards concurrent audit of various information systems, CBEC, in the past had constituted a Working Group to audit and examine ICES 1.5 application for detecting deficiencies and to suggest improvement in the application. Following areas were covered by the Working Group:

- a. Adequacy of business processes covered in ICES 1.5 vis-à-vis important processes that are associated with clearance of goods in the field formations.



- b. Correctness of business rules in ICES 1.5 application with regard to various levies, exemptions, duty calculations, compulsory requirements on behalf of other Regulatory Agency, procedures related to assessment, examination and clearance of goods for home consumption/warehousing/export.
- c. Improvement and additional functionalities that can be incorporated on the ICES 1.5 application.
- d. Regular audit of database, operating system, infrastructure and application hardware for IT security audit etc.

In this regard, it is submitted that most issues highlighted by the Working Group have either been resolved or necessary provisions were already available in the system. Some issues like those pertaining to RSP based declaration and valuation, SAD Refunds etc. are no more relevant after the implementation of GST. Some of the recommendations of the Working Group like codification of Anti-Dumping Duty notifications, issues related to SEZ etc. require further discussions with the Ministry of Commerce and also internal discussions to assess feasibility. This assessment can be undertaken once other urgent priorities relating to Single Window and Goods and Services Tax are over.

Implementation of Trade Facilitation measures may be taken up as one of the subjects for Thematic Audit by the Audit Commissionerates.”

#### E. Key Performance Indicators for Trade Facilitation

2.10 In the context of key performance indicators, the Ministry submitted the following information on the status of implementation of various trade facilitation measures:-

“Ministry's reply in respect of observations and recommendations of the Committee is as under:

- (i) Updating ICEGATE to minimize breakdowns- Under CBEC's Project SAKSHAM, new IT hardware has been commissioned and migration of C.B.E.C.'s e-services to the new hardware is underway. The working of ICEGATE is being monitored to achieve optimization and minimize the inconvenience on account of technical glitches and network disruptions. Further, Ministry submits that downtime of ICEGATE is minimal. An online helpdesk service provided to ICEGATE users to resolve their technical problems and queries so that there should not be any difficulty in using ICEGATE services. A number of measures have also been taken for updating ICEGATE to minimize breakdown and improve downtime. The measures, in brief are as follows:
  1. The old servers hosting the application have been migrated to new servers.
  2. By putting alternative servers, the services have been synchronized to the High Availability (HA) mode.
  3. The capacity and nos of the Disaster Recovery (DR) servers have been increased.
  4. Code review of the application was conducted and corrective measures taken on identified issues.
  5. The application has been tweaked to handle more number of files at a time.

6. A strict SOP is being enforced to manage planned downtime which is necessary for maintenance and upgrade. It is carried out late in night and on holidays.
7. Faster and secured data transmission with stakeholders implemented.
8. Improving the supporting hardware infrastructure through Project SAKSHAM.
  - (ii) Making e-filing of BEs and EGMs mandatory- Majority of Bills of Entry are being filed through e-filing. Filing of Bill of Entry through a Service Centre is an additional facilitation measure. Further, under section 46 of the Customs Act, 1962, it is mandatory to file Bills of Entry and Shipping Bills electronically only. EGM and IGM are also being filed electronically.
  - (iii) Full use of 24x7 facility- CBEC has been making efforts to encourage importers/exporters to make full use of 24x7 facility. Field formations are reaching out to the stakeholders to encourage them to optimally make use of the facility. Further, regarding full usage of 24x7 facility field formations are engaging with stakeholders for proper deployment of manpower.
  - (iv) Pre-clearance of consignments by Custom authorities- CBEC intends to introduce this measure as a trade facilitation measure and an instrument to reduce dwell time. It is felt that machine based clearance is an important aspect for implementation of pre-clearance of consignments by Customs authorities. For implementation of pre-clearance, Ministry has brought out suitable changes in the Customs Act, 1962 by way of amendment carried out in section 47 of the Customs Act, 1962 through Finance Act, 2018.
  - (v) Opening running accounts of registered traders- CBEC intends to introduce this measure as a trade facilitation measure and an instrument to reduce dwell time. Also, enabling provisions has been enacted in the Act to open electronic cash ledger of the prescribed persons.
  - (vi) Making ACP/AEO schemes user friendly and rectification of errors easier- Vide Circular No. 33/2016-Customs dated 22<sup>nd</sup> July, 2016, CBEC has decided to merge the two facilitation schemes namely ACP (Accredited Client Programme) and AEO (Authorized Economic Operator) into a combined three-tier AEO programme, to enhance the scope of these programmes so as to provide further benefits to the entities who have demonstrated strong internal control system and willingness to comply with the laws administered by the Central Board of Excise and Customs. Now, a comprehensive unified trade facilitation AEO programme has been developed by incorporating the existing ACP scheme and ongoing AEO programme, in the light of international developments, as well as in view of the focus of the Government of India on "Ease of Doing Business". In order to make Accredited Client Programme (ACP)/Authorized Economic Operator (AEO) schemes user friendly, CBIC has issued a circular no. 3/2018-Customs dated 17.01.2018 wherein in order to maximize the reach of this programme, it has been decided by the competent authority to decentralize the processing of AEO applications so as to meet the objective of trade facilitation and ease of doing business. Further, a number of other incentives have been introduced by way of the said circular in order to make the scheme more gainful. A total of 1405 AEOs

- have been enrolled so far and the target is to have 2000 AEOs by 31<sup>st</sup> December, 2018 and 3500 AEOs by March, 2019.
- (vii) Permitting minor amendments in IGM by the shipping line/shipping agents online instead of going to the service centre may reduce the dwell time- In this regard, steps have already been initiated to cut down errors in IGM. The board vide circular 14/2017-Customs dated 11.04.2017 has notified procedures for carrying out minor amendments in IGM. The circular mandates that all minor amendment application are disposed of on the same day of filing the amendment application and also not resorting to recourse of adjudication and levy of penalty. In case of major amendments also, it has been necessitated that the amendment applications are disposed of by 24 hours or else they are escalated to officers at the rank of Joint/Additional Commissioners. Further, minor amendments in IGM by shipping line/shipping agents online has already been implemented and now amendment can be made through RES subject to final approval of Customs Officer.
- (viii) Launching a Mobile App for filing error free IGM/BE/EGM/SB- CBIC has launched Mobile App, ICETRAK on January, 27<sup>th</sup> 2018. However, filing of IGM/EGM and other customs documents by trade does not appear to be feasible as large amount of data is required to be keyed in. The present facility of filing these documents electronically using output generated seamlessly from their own electronic systems & databases without any need for data entry appears more trade friendly.
- (ix) Uploading scanned documents  
An electronic utility, eSANCHIT (Electronic Storage And Computerised Handling of IT documents) for the uploading digitally scanned supporting documents has been developed and has been made mandatory for importers w.e.f. 1<sup>st</sup> April, 2018. To give a legal backing to this initiative, "Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulations, 2018" have also been introduced from 11.05.2018. A pilot on eSANCHIT in exports has been launched in Chennai and Delhi from 01.09.2018. Based on the feedback, full-fledged export eSANCHIT will start shortly. This would be in continuation of similar facility for Importers.
- (x) allowing rectification of minor errors-  
In this regard, CBEC has taken a number of steps like issuing notification no. 35/2017-Customs (N.T.) dated 11.04.2017, decentralizing the minor amendment process by making Superintendent or Appraiser of Customs as the proper officer. Notification no. 36/2017-Customs (N.T.) dated 11.04.2017 has been issued to amend the Levy of Fees (Customs Documents) Regulations, 1970, levying fees for amendments so that minor amendments are decided without recourse to adjudication or levy of penalty and at the same time fee is levied to discourage the tendency to file amendments. However, no amendment fee shall be levied in respect of advance Bill of Entry, where amendment is necessitated due to amendment in import manifest. Further, suitable instructions have been issued for timely approval of amendments.
- (xi) Adjustment of excess duty paid due to short landing etc. by opening a wallet- Enabling provisions has been enacted in the Customs Act, 1962 to allow the provision for the importer or exporter to have an Electronic Cash

- Ledger, which can be used to pay duty, interest, penalty, fee or any other sum for Customs clearances.
- (xii) E-sealing procedure- Self sealing of export containers by using RFID tamper proof e-seals have replaced the earlier practice of supervised sealing by the departmental officers using bottle seals. This has enhanced the integrity of cargo.
  - (xiii) Document/Container tracking- All importers and exporters can track their documents and containers on ICEGATE website. The location of Container can be traced using facility "Track your Container" on [www.icegate.gov.in](http://www.icegate.gov.in) for cargo moving to Nhava Sheva, Hazira and Mundra Ports. Electronic tracking of Nepal bound cargo has also been launched by Customs.

With regard to furnishing reply to the queries raised by the department, examination by other Agencies and payment of duty/refund and or drawback, formations have been instructed to ensure that unwarranted delays are avoided."

#### F. Delay in clearing goods by Importers at Ports

2.11 Regarding the Committees' recommendation on delay in clearing the goods by the importers at ports, the Ministry submitted the following response:-

"In order to address the issue of delayed clearance of goods, beyond free period of three days, suitable regulations have been framed, making it mandatory to file the bill of entry before the end of the next day following the day (excluding holidays) on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing. Where the bill of entry is not filed within the time and the proper officer of Customs is satisfied that there was no sufficient cause for such delay, the importer has been made liable to pay charges for late presentation of the bill of entry.

So far there are 6 agencies that have integrated online with Customs through Single Window Interface for Facilitation of Trade (SWIFT). These agencies are: Food Safety & Standards Authority of India (FSSAI), Animal Quarantine & Certification Service, Plant Quarantine, Drug Controller, Wild Life Crime Control Bureau (WCCB) and Textile Committee. The Service Level Standards (SLS) of all these 6 agencies, including time frames for examination/ inspection/ clearance of goods, have been obtained from them and are already published on ICEGATE website.

Further, NCTF Committee is paying attention to the delays at various levels in clearance of goods. Time Release Study is being conducted to see the time stamps of various processes. Target for clearance has been fixed and all agencies have been asked to monitor delay. With regard to suggestion by the Hon'ble PAC, "CBEC has obtained Service Level Standard (SLS) of PGAs which are being published on the ICEGATE website for information of the trade". In the third meeting of NCTF held on 12.02.2018 chaired by the Cabinet Secretary, it was decided that a single integrated portal is to be designed to assist importers and exporters for the required compliances/clearances under various laws, rules

and regulations along with establishment of a Single Window for all clearances/approvals required from various regulatory agencies for ensuring necessary coordination between multiple agencies. Special Secretary (Logistics) has been asked by the NCTF to monitor the development of both these portals."

2.12 In reference to the delay in filing of BEs by importers, the Committee while opining that interest should be calculated from the date of deposit of the enhanced duty paid due to procedural irregularities had desired that such credit should be given in the running account/ wallet. In response, the Ministry responded the following:-

"Sub-section (2) of Section 27 of the Customs Act, 1962 has been amended so as to keep the refund of duty paid in excess by the importer before an order permitting clearance of goods for home consumption is made, outside the scope of principle of unjust enrichment. This shall apply when such excess payment is evident from the Bill of Entry (BE) in the case of self-assessment by the importer or the duty actually payable is reflected in the reassessed BE in the case of reassessment.

In Budget 2018, Section 51A was inserted in the Customs Act to allow the maintenance of an Electronic Cash ledger for deposits made towards duty, interest, penalty, fee or any other sum payable by a person under the provisions of this Act or under the Customs Tariff Act, 1975 (51 of 1975) or under any other law for the time being in force or the rules and regulations made thereunder, using authorised mode of payment. CBIC is consulting various stakeholders like Controller General of Accounts for implementing this provision. Once the provision is implemented refunds can be granted in this ledger."

2.13 Regarding examination of imported goods by Customs, the Committee had desired that the Government take steps to help in coordinating fast clearances of consignments and facilitate trade. The Ministry submitted the following information in this regard:-

"The points wise submissions of the Ministry are as below:

#### Shortage of Manpower

The concerned cadre controlling authorities have been requested to allocate sufficient officers for clearance of goods. Steps have also been taken to recruit more number of people through SSC in recent years. As regards cadre review, CBEC has undergone cadre restructuring as early as 2014 and the next cadre review will be due in 2018.

#### 24X7 facility

CBEC has provided this facility at 20 sea ports and 17 Air Cargo Complexes. In order to further boost this facilitation measure, it has been provided that no merchant overtime fee would be charged for availing the facility. Jurisdictional authorities have been asked to reach out to the stakeholders for encouraging them to utilize this facility.

#### Mobile Gamma Ray Container scanners

Till date, 9 scanners have been commissioned at 5 ports i.e. JNPT, Mumbai, Chennai, Tuticorin and Kandla. Further, work for installation of 3 Drive-through Container Scanners (Road), one each at Gateway Ports of JNPT & Mundra, besides Cochin, has been awarded on 05.01.2017. The construction work has commenced at all sites. The procurement of scanners was subsequently entrusted to the Ministry of Shipping, as per a decision taken by the Committee of Secretaries in December, 2015. Pursuant to this decision, the additional requirement of Scanners for all Major Ports and select Private Ports was conveyed to the Ministry of Shipping on 22.01.2016. Briefly stated, Ministry of Shipping was requested to procure 16 Mobile Scanners, 7 Drive-through Scanners (Road) and 2 Drive-through Scanners (Rail) for 12 Major Ports and 4 Private Ports. Specifications of these scanners were also provided to the Ministry of Shipping. Ministry of Shipping, through Indian Ports Association (IPA), is in the process of procuring Scanners for Major Ports, in a phased manner. Further, Ministry of Shipping has indicated their inability to procure scanners for the non-major/private ports as these are outside their jurisdiction. Therefore, Directorate of Logistics under CBEC has requested the concerned field formations to examine the request of the Private Ports who are willing to install scanning facility on their own and send the proposals for consideration of the competent authority. So far two proposals i.e. in respect of Krishnapattanam Port and Pipavav Port for Drive-through Container Scanners (Road) have been finalized. It is learnt that the Scanner suggested for the Krishnapattanam Port is nearing completion. Matter is also under discussion with Katupally and Hazira Ports and these ports have been advised to revert with a firm proposal through their jurisdictional Customs formations.

#### Factory Stuffing

For the sake of uniformity and ease of doing business, CBEC has issued Circular No. 26/2017 dated 01.07.2017 to simplify the procedure relating to factory stuffing hitherto carried out under the supervision of the Central Excise officers. CBEC has laid down a simplified procedure for stuffing and sealing of export goods in containers. It has been decided to do away with the sealing of containers, under supervision of CBEC officials; instead, self-sealing procedure shall be followed as per procedure, laid down.

#### Regular training of customs officers and orientation programmes for officers

Regular training is being provided to Customs officers by National Academy of Customs, Excise and Narcotics and its Regional Training Institutes."

### **G. Other Factors Affecting Facilitation**

2.14 The Ministry also submitted detailed information on other factors affecting facilitation:-

"The observations/recommendations also pertain to DoC/DGFT/MoShipping. However, with regard to observations related to Department of Revenue, it is stated that at the first meeting of the NCTF held on 28/10/2016, it was suggested

by the Revenue Secretary to do away with the multiplicity of committees overseeing trade facilitation at various levels and for subsuming all other such committees in Commerce, Shipping and Civil Aviation Ministries. The suggestion was endorsed by the Chair and it was decided that henceforth, NCTF will be the single high level national body for trade facilitation. The committee will aim for simplification, standardization, harmonization and integration of all trade related processes and procedures and will attempt to avoid any duplication in such efforts. In the first meeting of the NCTF held on 28/10/2016, the Cabinet Secretary directed all Ministries and governmental organizations to expedite the actions to simplify the procedures, to reduce time and costs involved in the procedures, to introduce technology to eliminate human interaction in routine tasks and to augment infrastructure required for the processes to run smoothly. He also highlighted it to all agencies that dissemination of policy changes and procedural reforms is very important in order to obtain quick results. He had also added that NCTF and Steering Committee shall be the only fora for reviewing and resolving trade facilitation issues. NCTF forum should be used for all policy decisions regarding Trade Facilitation whereas Steering Committee may work on operational issues and implementation of the decisions. All concerned Ministries, departments & agencies are very pro-active in their participation in such meetings, where issues pertaining to them are put forth and a regular discussion around such issues takes place amongst the stakeholders. These highlighted issues are then carefully chronicled in the minutes of the meetings that are then circulated amongst all stakeholders. As per the directions of the chair, a regular follow up is mandatory and this is also being routinely followed. In the second meeting of the NCTF held on 08/06/2017, the Cabinet Secretary directed that it shall be ensured by all concerned agencies that sufficient staff strength is available at all designated airports/ ports at all times to avoid delay. In the same meeting Commerce Secretary who is also the co-chair of the Steering Committee, the operational arm of NCTF, highlighted the need for action on issues pertaining to de-minimis rule for courier imports/exports. These have to be addressed on top – priority as they are linked to e-commerce deliberations at WTO.

The chair also directed that the Steering Committee should monitor all issues raised by stakeholders on regular basis and the action taken report should be presented in the next NCTF meeting.

The Cabinet Secretary has also directed that a single interactive portal may be developed hosting updated regulatory information related to all government agencies involved in trade facilitation and necessary IT systems may be put in place for submission of electronic documents in place of manual documents and a central repository of original documents may be created in all field formations of the agencies. For the issue of arbitrary high charges imposed by the Shipping lines, the Cabinet Secretary has directed that the nexus between shipping lines

and CFS and the issue of excessive charges being levied by shipping lines may be examined by Ministry of Shipping, Department of Revenue, Ministry of Commerce and Ministry of Railways for appropriate action.

In this regard, Ministry submits that timeframes for agencies which are part of SWIFT are already published as Service Level Standards on ICEGATE website. Customs already has a functional risk management system. With SWIFT, Participating Government Agencies (PGAs) are also being encouraged to adopt a risk based approach to inspect/ examine consignments. So far risk criteria/ parameters from 3 PGAs i.e. FSSAI, WCCB and Plant Quarantine have already been accommodated in the Integrated Risk management system of Customs. Further, moving towards electronic and faceless interface, under SWIFT, CBIC recently launched eSANCHIT application. eSANCHIT is a paperless processing application of SWIFT, which allows trade to submit clearance related supporting documents electronically with digital signatures. After successful pilot implementation, eSANCHIT has been made mandatory in imports since 1st April, 2018. The initiative has also been given wide publicity through departmental circulars, public notices, social media etc. To avoid inconvenience to trade, ICEGATE help desks and email ids of the officer/ system managers have been provided to enable trade to give feedback and for resolution of issues, if any, faced during implementation of eSANCHIT. With regard to intimation of any amendments/changes to the Act/Rules/Procedures/Duties to the ports, it is submitted that as soon as notifications are issued, they are posted on the departmental website, in public domain for information of the departmental officer as well as the stake holders. As GST has replaced Central Excise duty for all goods except a few, integration of Customs and Central Excise portal for factory stuffing permissions may not be required.

With regard to observations of the Hon'ble Committee related to NCTF, it is submitted that at the third meeting of NCTF held on 12.02.2018, it was decided that the targets for cargo release times in the Action Plan be revised downwards to 24 hours and 12 hours in respect of exports for Sea Cargo and Air Cargo respectively. The target for imports have also been revised downwards to two days for Sea Cargo and one day for Air Cargo. In the NCTF meeting dated 12.02.2018, it was also decided that every PGA may either post a representative at every sea port or authorise Customs formation concerned to carry out regulatory work. Customs would be the lead agency and representatives from all PGAs should work under the administrative control of the senior most Customs officer posted there for efficient clearance of export/import related checks. Further, at the fourth meeting of the Steering Committee of NCTF held on 23.03.2018, it was decided that every PGA should put their Risk Management System in place and identify all such commodities where certain percentage of sampling is required and submit such a list to Steering Committee. Regarding the proposal of committee to setup a sub-group to look into the effectiveness of the



measures taken for increasing efficiency at ports, it is to submit that there is already a working group on infrastructure, which looks into all such kinds of measures. The said group is being sensitized about this observation of PAC so as to ensure compliance.

With regard to the detailed status of implementation of the recommendation, Directorate General of Foreign Trade has made following submissions:

The ease of doing business related issues are always taken up on priority by the Department of Commerce which coordinates with different departments to facilitate the implementation of such measures. One example is notifying the reduction in the number of mandatory documents to three each for exports and imports. Before implementation of this measure the numbers of documents required were 7 for exports and 10 for imports. Department of commerce coordinated with Department of Revenue and Ministry of Shipping to drop additional documents and limit the number to 3 only. All suggestions made by the Hon'ble Committee for taking up with the NCTF would be informed to the NCTF Secretariat for inclusion in next NCTF meeting's agenda.

With regard to the detailed status of implementation of the recommendation, Ministry of Shipping has made following submissions:

Elevated Road from Chennai Port to Maduravoyal

The 19 km Elevated Road connects the Port directly to Maduravoyal on Bangalore Highway without any interference with the City Roads. The upcoming Chennai Bengaluru Industrial Corridor and Chennai Bangalore Expressway will substantially improve cargo movement between the Port and hinterland. The work on the elevated road was stopped in March, 2012 due to objections from the State Government, but lot of efforts were made for convincing the State Government of Tamil Nadu about the necessity of the project and ultimately State Government had given their no objection to the revised alignment of the elevated corridor. The design was prepared in the year 2017. It is likely that the construction work for the revised alignment would start in 2019. NHAI, which is implementing the project, has appointed a DPR consultant for preparing a Report covering the revised alignment, Detailed Engineering and cost of Land Acquisition & Rehabilitation of Resettlement of project affected families. The revised cost is expected to be around Rs.4000 Cr. The Project Report is likely to be finalized by the end of July, 2018. Earlier, the cost of LA & RR was estimated as Rs.470 Cr and was to be shared equally by ChPT and Govt. of Tamil Nadu. This cost is also expected to be revised during the preparation of DPR. The project is expected to resume in early 2019 and is likely to be executed through the EPC mode in about 3 years' time.

- Sagar Mala

583 projects have been identified so far under Sagarmala Programme and are expected to mobilize more than Rs. 8.7 Lac Cr of infrastructure investment. 72 projects (cost: Rs. 13,489 Cr) completed and 500 projects worth Rs. 4.3 Lac Crore are already under various stages of implementation and development. In the year 2018-19, 101 projects (cost: Rs. 26,798 Cr) are likely to be completed.

To improve road connectivity to ports, 112 road projects (cost: Rs.1,80,642 Cr, 8705 Km) have been identified under Sagarmala and are being implemented by MoRTH, NHAI, State PWDs and Port Trusts. To improve rail connectivity to ports, ICDs and MMLPs, more than 70 projects have been identified under the Sagarmala program costing over Rs. 47,322 Cr. Over 4,220 km of rail network will be developed as part of these 70 projects which are being implemented by Indian Railways, Indian Port Rail Corporation Limited (IPRCL), major Port Trusts, RITES, Konkan Railways and private port operators.

In order to promote transshipment, Ministry of Shipping has relaxed licensing conditions u/s 406 and 407 of the Merchant Shipping Act 1958 in May 2018 for EXIM and Empty Containers to divert transshipment of container cargo and specialized cargo from foreign ports to Indian ports. On similar lines, licensing conditions u/s 406 and 407 of the Merchant Shipping Act 1958 were further relaxed in June 2018 for movement of Agriculture, Horticulture, Animal Husbandry, Fisheries and Fertilizers. There were some alignment issues raised by Government of Tamil Nadu for Chennai to Maduravoyal elevated road corridor project. This has been resolved and NHAI has appointed DPR Consultant for finalization of DPR as per revised alignment."

- Chennai Ennore Port Road Connectivity Project

This project is also known as Ennore Manali Road Improvement Project (EMRIP). The project which is being executed by an SPV, Chennai Ennore Port Road Company Ltd., comprising NHAI, GoTN, ChPT and KPL. connects the Port through the Kolkata and Bangalore Highways to the hinterland and includes the following roads viz., Fishing Harbour Road, Ennore Express way, Thiruvottiyur-Ponneri-Panchetty Road, Manali Oil Refinery Road and Northern segment of the Inner Ring Road. The work on the roads for a total length of about 30 km is substantially completed except for a small stretch in the Fishing Harbour Road. State Government of Tamil Nadu is on the job of resettlement of fishermen community and this stretch is expected to be completed by the end of August 2018. The upgraded portion of this road project has improved evacuation of cargo between the Port and the hinterland.

Towards facilitating 'Ease of Doing Business (EoDB)', Ministry of Shipping had identified various parameters for reducing dwell time and transaction costs in the Major Ports. These include elimination of manual Forms, accommodation for laboratories to Participating Government Agencies (PGAs), Direct Port Delivery,

Installation of Container Scanners, E-delivery orders; RFID based Gate-automation System, etc. These initiatives have already been implemented at Jawaharlal Nehru Port Trust (JN Port) and are being taken up in other Major Ports.

Elimination of manual forms has cut down long queues and waiting time for containers at the port gate and enabled faster evacuation of EXIM cargo and reduced congestion at port gates.

The RFID solution has been implemented in all Major Ports to enhance security, remove bottlenecks for seamless movement of traffic across Port gates, ensure tracking & tracing of man, material, vehicle, equipment, & other assets, and collection of revenue as per the notified rates. Besides a centralized web-based Port Community System (PCS) has been operationalized across all Major Ports which enables seamless data flow between the various stakeholders viz. Customs, CFSS, Shipping Lines & ICDs.

Ministry of Shipping has issued an order making use of e-invoice, e-payment and e-delivery order mandatory for all stakeholders across all Major Ports, all terminals within the Major Ports, private ports, private terminals and CFSS/ICDs. In order to enhance the transparency of charges for traders, on the direction of Ministry, all Major Ports and Indian Ports Association (IPA) have provided Link of all rates and charges levied by the Port & Shipping Lines on their website. JN Port, which is the pilot port for implementation of reforms under EoDB has undertaken a number of initiatives for ensuring convenience to trade and reduction in cargo EXIM Dwell time. To ensure faster cargo evacuation JNPT has set up Customs Processing Zones, Centralized Parking Plaza, besides undertaking widening of Port Highways. It has also developed a Common Rail Yard. JNPT has procured electronic RTGCs for increasing yard productivity, besides making ground breaking initiatives for facilitating Direct Port Delivery & Direct Port Entry to facilitate trade. All these reforms are regularly communicated to the stakeholders through website update, social media and regular stakeholder meetings. JN Port is the first port to start Direct Port Delivery (DPD) and Direct Port Entry (DPE). DPD has increased from 5.42 % in March 2016 to 39.15 % in March 2018. In JNPT the percentage of Direct Port Entry of Export containers increased from 44.57% in March,2016 to 79% in March, 2018. The exporters are currently benefitted by savings in cost of about Rs.2,000/- and in time of 1 to 2 days while resorting to DPE. At JN Port the dwell time of import containers has reduced from 58.08 hrs. in 2015-16 to 50.82 hrs. in 2017-18. The dwell time of export containers has reduced from 88.35 hrs. in 2015-16 to 83.71 hrs. in 2017-18.

Multimodal Transportation of Goods (MMTG) Bill

With regard to the said Bill, Ministry of Shipping has submitted that it deals with transportation by inland waterways or sea borne transportation whereas 'multimodal transportation' can also take place in combination of modes excluding waterways/sea like road-rail and road air etc. Hence, the subject matter of multimodal transportation does not fall strictly in the domain of Ministry of Shipping. In this background, recently, the Allocation of Business Rules was amended to include the subject matter of integrated development of logistics sector in the domain of Department of Commerce since 7<sup>th</sup> July 2017. Therefore, the Logistics Division of Department of Commerce was identified as the appropriate agency to deal with the legislative proposal of the Multimodal Transportation of Goods Bill. The Department of Commerce, on 26<sup>th</sup> February, 2018, held stakeholder consultation meeting on the Multimodal Transportation of Goods Bill under the Chairmanship of Special Secretary (Logistics). Subsequently, the Department had circulated a draft Cabinet Note for Inter-Ministerial consultations on the proposal for introduction of the Multi Modal Transportation of Goods Bill for enactment and for repealing the Multi Modal Transportation of Goods Act, 1993. The comments of the Ministry of Shipping on the draft Bill have been sent to Department of Commerce.

With regard to the detailed status of implementation of the recommendation, Railway Board, Ministry of Railways has made following submissions:

1. That almost all CONCOR facilities are connected by rail to move containers to Inland Container Depots to promote faster transportation and reducing the load of traffic carried by road transport.
2. Recently an Inter-Ministerial Committee (IMC) between Ministry of Railway and Ministry of Shipping had been constituted to undertake "Steps to reduce turn round time (TRT) of freight trains at Port".

Action taken on TRT Report is as below:

- (i) Haridaspur-Paradeep project revived through joint efforts of Ministry of Shipping and Ministry of Railways.
- (ii) CCRS relaxations obtained for additional six paths on Castle Rock-Kuelem sections.
- (iii) Electrification taken up in Vizag Port.
- (iv) Engine on Load (EOL) introduced for Visakhapatnam Port Trust operations.
- (v) Alternate manual coal loading points opened at Paradeep.
- (vi) Most of soft issues stand resolved.

- (vii) Monitoring mechanism of DRMs and Chairman to monitor implementation of recommendations.

### 3. Dedicated Freight Corridor projects

The Dedicated Freight Corridor is the most ambitious and biggest ever project in the railway infrastructure sector. Ministry of Railways has sanctioned for construction of two dedicated freight corridors; i.e. Eastern and Western DFCs along the golden quadrilateral and its diagonals.

The Eastern DFC (1856 kms) will start from Ludhiana in Punjab and terminate at Dankuni in West Bengal will cater to mineral traffic from Eastern India. The Western DFC (1504 kms) will start from Jawaharlal Nehru Port, New Mumbai and terminate at Dadri near Delhi will cater to port traffic of western coast.

Status of DFC projects:

98.7% Land acquisition has been completed and overall 97.2% contracts have been awarded.

Sanctioned cost of the project is Rs.81459 Crores. The overall financial and physical progress is 48.9% and 51.6% respectively. Project is being commissioned in phases from 2018-20 as per the following schedule: -

#### EDFC

S.No.	Section	Target
1.	Kjurja-Bhaupur (343 kms)	November-2018
2.	Bhaupur-Mughalsarai (402 kms)	August-2019
3.	Sonnagar-Mughalsarai (126 kms)	October-2019
4.	Khurja-Dadri (46 kms)	December-2019
5.	Pilkhani-Sahnewal (179 kms)	March-2020
6.	Khurja-Pilkhani (222 kms)	March-2020

#### WDFC

S.No.	Section	Target
1.	Rewari-Marwar (432 kms)*	December-2018

2.	Marwar-Palanpur (207 kms)	September-2019
3.	Palanpur-JNPT (738 kms)	March-2020
4.	Rewari-Dadri (127 kms)	March-2020

- Trial run of trains was introduced on Ateli – Phulera (192 kms), a part of Rewari – Marwar section on 15<sup>th</sup> August, 2018

On complete commissioning of Dedicated Freight Corridors, Indian Railways will be able to offer higher transport output with faster transit time and increase in average speed of trains. This would improve the supply chain for the industries/logistics players etc. in its catchment areas leading to additional stack container trains and heavy haul will also add to the carrying capacity and help increase Railway's market-share.

4. 54 numbers of projects (6967 Kms) costing Rs. 50,834 cr. are sanctioned and under progress to handle the port connectivity traffic on IR. Out of this, 37 numbers of projects (4552 Kms) costing Rs.35739 cr. are on Eastern Coastal Region and 17 numbers of projects (2415 Kms) costing Rs.15095 cr. on Western Coastal Region.”

#### Observations/ Recommendations of the Committee

2.15 With regard to the impact of trade facilitation measures, the Committee in their Original Report had desired that the Department of Commerce (DOC)/ Directorate General of Foreign Trade (DGFT) should carry out a comprehensive audit and analysis of the impact of the same including an analysis of compliance costs vis-à-vis the benefits accrued. The Committee had also desired that stringent action be taken against those who did not adhere to the timelines and a plan for trade facilitation for the next five years be prepared. In their Action Taken Report, while acknowledging the numerous measures undertaken by the Department for facilitating trade, the Committee had noted the effectiveness of Governments' measures that were captured by the World Banks' Doing Business Reports being released annually. These reports showed that documentary and border compliance costs for both imports and exports had come down. The Committee had exhorted the Government to carry out regular analysis to derive the assurance that importers and exporters were actually benefitted by the measures implemented by the Department. While noting with dismay that till date no provision has been made for carrying out impact analysis, the Committee opine that the steps taken are required to be evaluated to determine their effectiveness and merely depending on third party reports would not be an appropriate indicator of the actual effect on importers and exporters. The

Committee recommend that the Working Groups concerned of the National Committee on Trade Facilitation may carry out the impact-analysis of various measures and apprise the Committee thereof. Further, it is imperative that India may assess where it stands in terms of ease of trade in comparison with countries which are in the same stage of development. The Committee, accordingly, further reiterate their recommendation made in the 97<sup>th</sup> report that a comparative statement of the border and compliance costs of trading in India vis-a-vis other countries like China, USA, Brazil and South Asian Association for Regional Cooperation (SAARC) countries may be furnished within three months of presentation of this report to evaluate the effectiveness of efforts made by the DoC.

2.16 The Committee observe from the reply of the Ministry of Finance that CBEC and field formations have been making efforts to encourage importers/exporters to make full use of 24x7 facility. Further, in order to ensure full usage of 24x7 facility, field formations are engaging with stakeholders for proper deployment of manpower. The Committee would like to be apprised of the resultant increase in use of this facility and the reduction in dwell time by introducing the aforesaid measures. The Committee further note that CBEC has provided the facility of 24x7 at 20 sea ports and 17 Air Cargo Complexes. In order to further boost this facilitation measure, it has been provided that no merchant overtime fee would be charged for availing the facility. Jurisdictional authorities have been asked to reach out to the stakeholders for encouraging them to utilize this facility. The Committee may be apprised of the result of this endeavour.

2.17 The Committee observe that CBEC has merged the two facilitation schemes namely ACP (Accredited Client Programme) and AEO (Authorized Economic operator) into a combined three-tier AEO programme, to enhance the scope of these programmes so as to provide further benefits to the entities who have demonstrated strong internal control system and willingness to comply with the laws administered by the Central Board of Excise and Customs. While noting that a total of 1405 AEOs had been enrolled and the target was to have 2000 AEOs by 31st December, 2018 and 3500 AEOs by March, 2019, the Committee would like to be apprised of targets achieved so far by the CBEC.

2.18 The Committee observe that an electronic utility, eSANCHIT (Electronic Storage And Computerised Handling of IT documents) for uploading digitally scanned supporting documents had been developed and was made mandatory for importers w.e.f. 1<sup>st</sup> April, 2018. To give a legal backing to this initiative, "Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulations, 2018" were introduced from 11.05.2018. A pilot on eSANCHIT in exports had been launched in Chennai and Delhi from 01.09.2018. Based on the feedback, full-fledged export eSANCHIT would start shortly. This would be in continuation of

similar facility for Importers. The Committee desire that the implementation of the utility be completed in a specified time frame.

2.19 As regards Committees' recommendation on delay in clearing the goods by the importers at ports, the Committee observe that in the third meeting of NCTF held on 12.02.2018 chaired by the Cabinet Secretary, it was decided that a single integrated portal was to be designed to assist importers and exporters for the required compliances/clearances under various laws, rules and regulations along with establishment of a Single Window for all clearances/approvals required from various regulatory agencies for ensuring necessary coordination between multiple agencies and that Special Secretary (Logistics) was asked by the NCTF to monitor the development of both these portals. The Committee are unhappy to note that the same has not been done even after a lapse of one year and urge that the same may be expedited.

2.20 Regarding credit of interest for enhanced duty paid, the Committee note from the reply of the Ministry that, Section 51A was inserted in the Customs Act in Budget, 2018 to allow the maintenance of an Electronic Cash ledger for deposits made towards duty, interest, penalty, fee or any other sum payable by a person under the provisions of this Act or under the Customs Tariff Act, 1975 or under any other law for the time being in force or the rules and regulations made thereunder, using authorised mode of payment and that CBIC is consulting various stakeholders like Controller General of Accounts for implementing this provision. The Committee expect that the same may have been finalised by now and refunds granted through the electronic cash ledger instantly. The Committee would like to be apprised of the updated information in the matter.

2.21 In the context of cadre review and creation of vacancies and immediate recruitments to augment the operational requirements of the Customs at air/sea ports, the Committee note the Ministry's reply that CBEC had undergone cadre restructuring as early as 2014 and the next cadre review was due in 2018. The Committee are disappointed to note that while these replies were submitted in the second half of 2018, no mention was made of such a review being carried out. The Committee desire to be apprised of the status thereof and the steps taken to have adequate number of officers at air/sea ports for faster clearances of goods.

2.22 The Committee note from the Ministry's reply that for the issue of arbitrary high charges imposed by the Shipping lines, the Cabinet Secretary has directed that the nexus between Shipping lines and Container Freight Stations (CFS) and the issue of excessive charges being levied by shipping lines may be examined by Ministry of Shipping, Department of Revenue, Ministry of Commerce and Ministry of Railways for appropriate action. The Committee are perturbed to note that in spite of Cabinet Secretary's directions the Ministries concerned have not



taken concrete action to contain the nexus between the Shipping Lines and Container Freight Stations and on the issue of excess charges. The Committee are further disappointed to note that no response has been given by the Ministry on appointing a regulator to oversee the issue. The Committee desire to be apprised of the status of resolution of the matter. The Committee hope that NCTF would ensure that all the decisions taken by them in their various meetings would be implemented in letter and spirit. The Committee further reiterate their recommendation made in the 97<sup>th</sup> report that an agreement/ MoU with State Governments be invariably made before taking up infrastructure augmentation projects to avoid disputes at later stages. The Committee would like to be apprised of the status of completion/progress of 101 projects under the Sagar Mala. Further, the Committee desire that all infrastructure projects should be completed within a specified time frame and monitoring be done on a regular basis; the Multimodal Transportation of Goods (MMTG) Bill may be followed up and finalized and the Dedicated Freight Corridors may be monitored vigorously so that they are completed in time and thereby preventing cost escalation. While acknowledging the various measures taken by the Ministry to facilitate trade, the Committee also opine that timelines may be specified for each activity, the efficacy and success of initiatives undertaken by the Government may be regularly assessed and responsibility fixed in case of non-achievement of the specified targets.

## Chapter-III - Implementation of recommendations of the 21<sup>st</sup> Report on "Role of Indian Coast Guard" and 51<sup>st</sup> Report on Action Taken by the Government thereon

### A. Summary of 21<sup>st</sup> Report

3.1 The 21<sup>st</sup> Report (16th LS) of PAC (2015-16) on 'Role and Functioning of Indian Coast Guard' was presented to the Lok Sabha/laid on the Table of the Rajya Sabha on 13<sup>th</sup> August, 2015. The Indian Coast Guard (ICG) is mandated to protect the maritime and other national interests in the Maritime Zones of India by way of providing protection to offshore and other structures, protection to fishermen and assisting in anti-smuggling/piracy-operations, safeguarding the maritime interests and security of India, assisting vessels and fishermen in distress and protecting the maritime environment. The examination of ICG brought out various shortcomings/lapses in the functioning of the ICG viz. delay in/non-approval of 15 year Perspective Plans and 5 year Coast Guard Development Plans, huge shortfall in utilisation of sanctioned funds, inadequate/lack of infrastructural facility, lack of coordination between the Indian Navy (IN) and the ICG, non-achievement of planned acquisitions, defective acquisition procedure, inadequate force level, shortage of manpower and equipment, shortfalls in decommissioning and replacement of obsolete vessels, huge number of outstanding refits, legal limitation faced by the Indian Coast Guard etc.

3.2 After carrying out detailed examination of the subject along with interaction with the Ministry of Defence and the ICG, the Committee in their 21<sup>st</sup> report made 27 recommendations including better formulation and earnest implementation of both the Long Term and Five Year term plans for ICG, overhauling of planning and budgeting mechanism and prioritizing their items of expenditure to make plans achievable, improving of defence procurement procedures to achieve targetted acquisitions, planning, sanction and establishment of ICG stations to be carried out on mission mode, concerted efforts for faster inductions to improve the age profile of vessels, ensuring timely repair/refits of ICG ships for more effective deployment of vessels for operational duties, filling up of vacancies, need for training to Indian Coast Guard personnel, award of contracts to competent and financially sound shipyards, clear cut roles to be assigned to the Marine Police and ICG, and need to monitor efficacy and continuity of coastal security measures and norms for patrolling in maritime / coastal zones. The Committee also recommended that relevant amendments to the Acts, Rules, Regulation and Manuals need to be effected early to make the ICG empowered and competent enough to carry out its duties more effectively, steps to be taken to track ships and register fishing vessels putting in place a reliable Management information System and ICG to be entrusted with task of preventing marine environmental pollution.

### B. Summary of 51<sup>st</sup> Report

3.3 After examination and analysis of the action taken replies from the Ministry of Defence, the Committee presented its 51<sup>st</sup> Report (16th LS) on Action taken by the Ministry on the 21<sup>st</sup> Report to the Parliament on 22<sup>nd</sup> November, 2016. Out of 27

recommendations in the original report, the Committee accepted 19, did not wish to pursue 4 recommendations in view of the replies of the Government and reiterated 4 recommendations. Regarding acquisitions, the Committee recommended the Ministry of Defence to make efforts to see that the defence procurements which are at various stages of acquisition are fast-tracked particularly in the context of the new Defence acquisition procedure being put in place, so that all the targetted acquisitions are achieved at the earliest and the country's defence preparedness may be maintained at the required level. For the difficulties being faced in getting refits done by DPSU/PSU shipyards, the Committee recommended that the DPSU shipyards may be strengthened and that a dedicated shipyard for ICG ships such as the Navy be developed to get the refit jobs on ICG ships. The Committee had also urged the MoD/ICG to fast-track the execution of the project for establishing ICG Academy at Azhikkal, Kerala. The Committee recommended that duties and responsibilities of all the Ministries/ Departments and forces concerned with the country's coastal security be clearly demarcated so as to ensure effective coordination amongst them and minimise possibilities of system failures. While noting that the MEA had proposed to seek legal opinion of the Attorney General of India with respect to grant of powers to the Navy and the Coast Guard for visit, board, search and seizure of vessels in the EEZ in contravention of MZI Act, 1976, the Committee had desired to be apprised of the latest status of the aforesaid Act which would empower the ICG as well as the Indian Navy for search and seizure of boats and vessels. The Committee had desired that correlating, correcting and updating of data with the Regional Hqrs. which was under progress, be accomplished within a given time-frame so that an internal audit of data could be carried out thereafter. They had also desired that the Search and Rescue (SAR) software which was under progress be developed at the earliest.

3.4 On selection of the 21<sup>st</sup> and 51<sup>st</sup> reports for examination, the Sub-Committee took oral evidence of the Ministry of Defence on 27<sup>th</sup> September, 2018.

### C. Inadequate Training Infrastructure

3.5 Regarding inadequate training infrastructure, the representatives of the Ministry of Defence and ICG made the following oral submissions:-

"Sir, as you were aware, we had, in our ATNs, submitted that the Note for the approval of the CCS for sanction of the revised project cost was moved by the Ministry. However, while the matter was under consideration, the Ministry of Environment and Forests withdrew the environmental clearance and refused to grant it because of the CRZ Regulation. So, as of now, we are in touch with the Ministry of Environment and Forests to give us a final word on the status of the clearance regarding the project. Meanwhile, the Ministry is also exploring other options so that further delay in setting up this academy can be avoided...

Sir, we have approached various coastal States. There is nothing firm as on date but the coastal States are being approached to see whether we can have the final appropriate plan, which has adequate seafront to meet the requirement of Coast Guard for the training of officers. ....

Sir, we have already gone to two States. Letters were written to all the Chief Secretaries of the coastal States. But only two States, namely, Karnataka and Tamil Nadu have responded. In Karnataka, we have identified 160 acres of land and in Tamil Nadu, we have identified 140 acres of land."

#### D. Non-installation of Static Sensors

3.6 Regarding, installation of proposed 38 Static Sensors for tracking illegal activities, the representatives of the Ministry made the following oral submission:-

"Sir, you asked about the 38 sites. At 46 locations, Coastal Surveillance Network has already been set up by the Coast Guard, which is already operational. About the 38 sites, the second phase of Coastal Surveillance Network is in the final stage. Most probably, it will be approved within two-three months' time. The Completion Report is due in 2019. Land identification has already been done. Land has already been acquired. Money has already been paid. So, everything has been done. Only the order is to be placed to the BEL."

#### E. Legal constraints and lack of empowerment of the Indian Coast Guard

3.7 In the context of empowering the ICG by amending the MZI Act, 1976 which was inordinately pending since July, 2011, the Representatives of the Ministry stated the following:-

"The MZI Act 1976, which of course the MEA is responsible for, it demarcates the various maritime zones along the country. It lays down very clearly the sovereign rights of the country, particularly the EEZ. Now, big challenge that the Coast Guard currently faces is that while MZI Act identifies the sovereign rights of the country in that zone and it also identifies the places where people can be tried for offences under that, it does not designate an authority for the purposes of investigation and arrest, seizure of vessels and individuals who are currently undertaking any activity which is hostile to the interests of the nation. That is precisely our point with MEA that you need to empower Coast Guard to be designated as the agency which is legally empowered within the purview of this Act to be able to carry out this activity. MEA, of course, is of the view that the purpose of this Act is very different. It is only to implement the UNCLOS regulation on maritime laws and it is therefore a very peaceful act and it does not serve the purpose. It needs to be appreciated that this is the only Act which talks about the maritime zones."

3.8 The Ministry submitted the following detailed information regarding efforts made and present status to further empower Indian Coast Guard (ICG) since last review covering infrastructure, land, acquisition, personnel, legal empowerment and financial planning and budgetary aspect:-

##### **1.0 Infrastructure**

1.1 In order to meet the growing operational requirements of Coastal Security, Law Enforcement, Pollution Response and Search & Rescue, the ICG has grown

in strength with respect to number of stations and establishment of new Headquarters at field level. The Indian Coast Guard now has 05 Regional Headquarters (RHQs), 16 District Headquarters (DHQs), 10 Air establishments and 42 stations as on date, apart from the Coast Guard Headquarters at New Delhi. The operational capability of ICG has increased manifold with the implementation of numerous measures instituted by the Government.

1.2 The infrastructure development has been accorded due priority and impetus to cater for the force level expansion of the service. All 42 sanctioned stations have been commissioned including 20 new stations post 2009. The creation of deficient infrastructure at these stations is at various stages for sanction.

1.3 The ICG has a varied array of ships and aircraft to execute its charter of duties. A number of modern platforms, including Twin Engine Heavy Helicopters and Multi Mission Maritime Aircraft (MMMA) have been proposed for acquisition into ICG. These new age Aviation platforms will not only strengthen ICG but will also give early warning to surface platforms.

1.4. The various accretions with respect to operational HQs, surface platforms and Aircraft post 2009 are as under:-

(a) Surface /Air Units

HQs /Stations	2009	Accretion	Present
CG Command HQs (West & East)	-	02	02
RHQs	03	02	05
DHQs	11	05	16
CG Stations	22	20	42
CG Air Units	04	06	10

(b) Operational Units Ships /Aircraft

Ships	2009	Accretion	Present
OPVs / PCVs	14	07	21
FPVs	28	13	41
IBs	13	44	58
ACVs	06	12	18
Total	61	76	138

(c) Operational Aircrafts

Aircraft	2009	Accretion	Present
Dornier	24	15	39
Chetak	21	--	19
ALH	--	04	04
Total	45	19	62

## 1.5 Training Infrastructure:

(a) For induction training, downstream and specialised training for officers and Enrolled Personnel, ICG takes help of Indian Navy as both the services operate in the common Maritime Domain. The ICG also utilises the advance training infrastructure of Indian Navy for progressive training and promotion related courses. With regard to training of the Aviation Cadre, ICG utilizes services of Indian Navy & Indian Air Force (IAF) for Pilots and Observers (Navigators). Indian Navy and IAF provide training for Aviation technical cadre of the ICG for maintenance of air assets. Also the training from other Govt / PSUs firms viz. Indira Gandhi Rashtriya Udan Academy (IGRUA) are resorted to, whenever Indian Navy/ IAF are not able to meet ICG training requirements.

(b) For a period from 1982 to 2009, on an average, per year 30-40 officers and 200-220 Enrolled Personnel (EPs) were inducted into ICG from 1982 till 2009. Post 2009, the induction has been enhanced to 115-120 officers per year. This has been further enhanced to 130 officers and 720 Enrolled Personnel per year w.e.f. 2016. A proposal for creation of 246 posts (60 officers & 186 EPs) for additional training staff is under consideration for supplementing training staff at Indian Navy's training establishments, to meet enhanced requirements of ICG.

(c) The Coast Guard Training Centre (CGTC) at Kochi has limited facilities being an ad-hoc training centre for ICG personnel on CG charter of duties. Many services / organization and friendly nations are being provided ICG assistance to train their personnel on marine aspects. Despite the constraints on instructors and infrastructure, keeping the National Perspective in mind, ICG is providing training to personnel of Paramilitary, Police and other Govt agencies like Customs, DG Lighthouses and Lightships, etc.

1.6 **ICG Academy Project:** The proposal for establishing the Indian Coast Guard Academy at Azhikkal, Kerala was accorded Approval-in-Principle (AIP) in September 2012. However, Ministry of Environment, Forests and Climate Change has denied grant of Environment and CRZ clearances for setting-up Indian Coast Guard Academy at Azhikkal, Kerala, as the project site at Azhikkal falls under CRZ-1(A) area, wherein no construction is permissible as per the CRZ notification. Therefore, the process of exploring / identifying suitable alternate land for Indian Coast Guard Academy has been initiated by Indian Coast Guard in other coastal states.

## 1.7 Aviation Infrastructure

(a) ICG has its own Aviation Infrastructure at Daman, Bhubaneswar, Chennai, Porbandar and Goa. Further, ICG Air operations are also being carried out at Kochi, New Mangalore, Mumbai, Port Blair and Vizag through hired facilities from Airports Authority of India (AAI) or facilities of

Indian Navy. The civil works pertaining to aviation infrastructure at Ratnagiri is in progress.

(b) The Govt has also accorded sanction for leasing of 7326 sqm. land from AAI at Porbandar. The land has been taken over by ICG now. Ministry of Civil Aviation (MoCA) has also accorded approval for leasing of AAI land at Tuticorin, Kolkata and New Mangalore for a period of 30 years. Leasing of AAI land at Juhu Airport has been sanctioned. The development of aviation infrastructure is being given utmost priority.

#### 1.8. Birthing/ Refit / Repair Facilities for ICG Ships

(a) Presently, ICG has built / acquired 1798 meters dedicated berthing facilities for its ships at 13 stations. ICG has added almost 650 meters in overall holding of berthing facilities in last five years and as on date; 676 meters of sanctioned jetty work for 6 stations is in progress. Further, new jetty construction proposals for 1,110 meters have been initiated.

(b) Approval for construction of 03 lane slipway at Port Blair was accorded in March 2018, with completion period of 364 weeks after award of work. After completion this facility would be used for docking facility for all Fast Patrol Vessels (FPVs) & below class of ships of Andman & Nicobar region.

(c) Consultancy services for preparation of a Detailed Project Report (DPR) and cost estimates for Slipway / Ship-lift Facility at Ratnagiri has been awarded to IIT Chennai.

#### 1.9. IT Infrastructure

(a) The proposal for Digital Coast Guard Phase-I (DCG-I) which consists of the following three components is under consideration:

(i) Establishment of CG Chakra – An Optical Fiber Network connecting all Coast Guard establishments (86 units / 51 locations) till date, Controller of Defence Accounts (CDA) offices dealing with ICG including CGDA and ICG ships at various jetties to meet all the operational and administrative requirements.

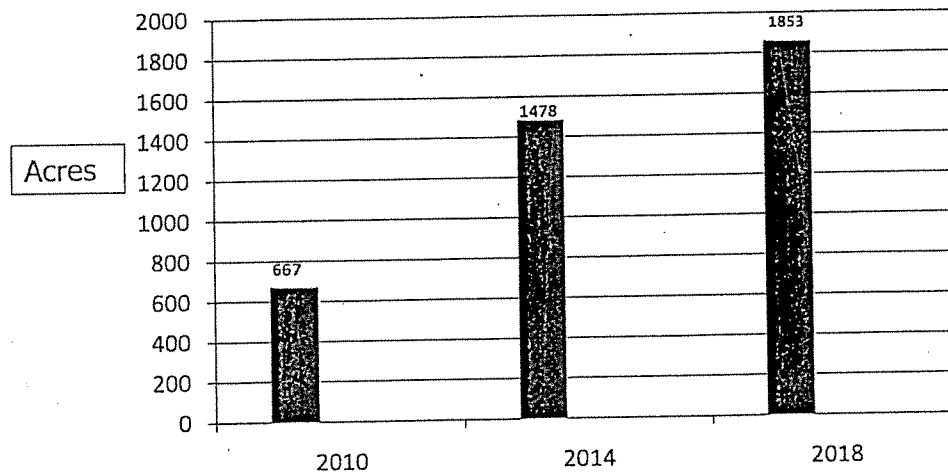
(ii) Establishment of Coast Guard Main Data Center (CG-MDC) and Disaster Recovery Center (CG-DRDC) to host all applications and its utilities. The main data center will be located at ICG premises at Noida and disaster recovery centre would be at seismic free zone at Bangalore.

(iii) Development of an Integrated Enterprise Resource Planning (ERP) based platform for following:-

- A separate application specially designed to meet the inventory management of CG surface units and CGSDs.
  - A separate application specially designed to meet the inventory management of Air units and CGASD.
  - A Finance management application which will integrate with Surface and Air inventory.
- (b) The phase-I of project SAERA (Surface Aviation E>Returns Application) is currently undergoing final user acceptance test, and will be functional by October 2018. The full project will be completed by February 2019.

### 1.10. Land Acquisition

- (a) Land acquisition is a long drawn process. The graphical depiction below highlights the earnest efforts of Ministry to augment the land holding of Coast Guard.



Three times increase in land holding

- (b) A total no. of 34 land acquisitions / lease proposals have been sanctioned from December 2015 till date. New proposals for acquisition/lease of land at New Mangalore, Kochi, Karwar, Androth, Kakinada, Veraval, Vizag and Daman are under consideration.

### 2.0 Manpower

- (a) As on date, Coast Guard has a total strength of 13,346 personnel (officers-1762, EP-10284 & Civilian-1300) against a sanctioned strength of 16,676 (officers-2312, EP-12417 & Civilian-1947). 249 vacancies of officers have been filled within last two years through the special measures besides enhancing the induction to 130 officers during general recruitment, as appended below:-

Sl.	Measures Undertaken	Vacancies	Remarks
-----	---------------------	-----------	---------



		filled till date	
(i)	Re-Employment of IN SSC officers in the rank of Comdt(JG) & below	14	---
(ii)	Re-Employment of Law officer from Army/Navy/AF	07	---
(iii)	Short term deputation of IN officers against vacant billets, in case of Officers	133	Including 13 Army and 09 AF officers
(iv)	Induction of Commercial Pilot License (CPL) holders as pilots under scheme of Short Service Appointee (SSA)	95	---
<b>Total</b>		<b>249</b>	

- (b) The ICG has kept pace with the manpower requirement and in last four years has recruited a large number of personnel as follows:

Year	2015	2016	2017	2018
Officers	113	147	131	128
Yantrik	135	132	66	125
Nvk (GD)	524	553	456	485
Nvk (DB)	30	43	69	40 #
Total	802	875	722	778

# only one batch selection completed as on date

- (c) The manpower status with respect to officers, Enrolled Personnel and Civilian Personnel before and post 2009 is as follows:-

	Before 2009	Present Strength (including deputationists)	Increase (%)
Officers	702	1894	63
Enrolled Personnel	4436	10509	58
Civilians Personnel	858	1301	34

*The manpower shortage has come down to 17.84% from earlier shortage of 20% in 2016 and 19% in 2017*

- (d) The Coast Guard manpower is envisaged to be stabilised at about 25000 personnel by 2030.

### 3.0 Legal Empowerment

#### 3.1 Responsibility for Coastal Security

- (a) In February, 2009, the CCS approved setting up of a robust Coastal Security mechanism along the Indian coastline. As per the CCS directives, Indian Navy has been made the overall authority responsible for Maritime Security including Offshore and Coastal Security.

- (b) ICG has been designated as the authority responsible to coordinate Coastal Security in Territorial Waters (12 NM from baseline) including waters to be patrolled by Marine Police.

**3.2 Legal Empowerment under various Acts.** The ICG has been empowered under various Acts to enforce respective provisions as enumerated below:

- (a) **Cr PC, 1973.** These are procedural in nature:-

Section 41(1)- Arrest without warrant.  
 Section 47 - Search of place entered by persons sought to be arrested  
 Section 51(1)- Search of arrested person.  
 Section 52- Power to seize offensive weapons.  
 Section 149- Prevention of cognizable offences.  
 Section 150-Information of design to commit cognizable offences.  
 Section 151- Arrest to prevent commission of cognizable offences.  
 Section 152-Prevention of injury to public property.

- (b) **Customs Act, 1962.**

Section 37- Power to board conveyances.  
 Section 38- Power to require production of documents and ask questions.  
 Section 100- Power to search suspected persons entering or leaving India.  
 Section 101- Power to search suspected person in certain other cases.  
 Section 102- Persons to be searched may require to be taken before Magistrate /Gazetted officers of Customs.  
 Section 103- Power to screen or x-ray bodies of suspected persons for detecting secreted goods.  
 Section 104- Power to arrest.  
 Section 106- Power to stop and search conveyances.  
 Section 107- Power to examine persons  
 Section 110 - Seizure of goods, documents and things.

- (c) **Merchant Shipping Act, 1958**

Section 69 - Proceedings on forfeiture of ship.  
 Section 356G - Inspection & control of oil tankers and other ships.  
 Section 356J - Power to give a notice to owner of polluting ship.  
 Section 356K - Powers to take measures for preventing or containing oil or noxious liquid substance pollution.

- (d) **Regulation of Fishing by Foreign Vessels (MZI) Act, 1981.**

The Coast Guard Officers/ Subordinate Officers have been designated as Authorised Officers and exercise all powers under Maritime Zones of India (Regulation of Fishing by Foreign Vessels) Act, 1981.

(e) **Suppression of Unlawful Acts against Safety of Maritime Navigation and Fixed Platforms on Continental Shelf Act, 2002 (SUA Act, 2002).**

Coast Guard Officers have been empowered with powers of arrest, investigation and prosecution with respect to offences against ships, fixed platforms, cargo of a ship and navigational facilities etc. under the SUA Act, 2002.

(f) **Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985.**

Section 41(2)-Power to issue warrant and authorisation.

Section 42(1)-Powers of entry, search, seizure and arrest without warrant or authorisation.

Section 67 - Power to call for information etc.

#### 4.0 Increases in Operations/Exercises

- (a) **Coastal Security Exercises and Operations.** Post 2009, ICG has coordinated 179 Coastal Security Exercises and 343 Coastal Security Operations along the Indian coast and Island territories.
- (b) **Deployment of Ships and Aircraft.** The ships and aircraft deployment has been progressively increased since 2009. Presently, on an average, 35-40 ships/ boats are being deployed in non-monsoon period and 8-10 air sorties are undertaken every day.
- (c) **Boarding Operation.** The boarding operations undertaken by ICG ships at sea have also increased since 2009. ICG has undertaken more than 30,000 boarding operations in 2017 compared to 2274 boarding operations in 2009.

#### 5.0 Equipment Modernisation

- (a) The new generation state-of-art navigation and communication equipment, sensors and machineries have been fitted onboard ships as well as aircraft for undertaking Coast Guard Charter of responsibilities. The sustenance and reach coupled with the new generation equipment provides the new generation ships and aircraft, the capability to perform the role of a command platform. These ships are also equipped with modern Pollution Response Equipment to respond to oil spill at sea.
- (b) As part of Coastal Security mechanism, a surveillance system called Coastal Surveillance Network (CSN), comprising of Chain of Static Sensors having radars, Automatic Identification system (AIS), day/night cameras and meteorological sensors is being established in two Phases along the coastline and Islands by Indian Coast Guard. As on date, 46 radar stations in Phase-I have been established and are functioning

optimally. Additional 38 radar stations are being installed under CSN Phase-II in order to achieve near gap free surveillance of coastline, the same is under consideration.

## 6.0 Capital Acquisition

(a) As on 30 September, 2018, ICG has a force level of 138 ships/boats and 62 aircraft. 55 ships/boats are under construction in various shipyards and 16 Advance Light Helicopters are under production at HAL, Bangalore. These aircraft are likely to join the ICG fleet, commencing January 2019. ICG has envisaged 23 ships/boats and 20 aircraft in Coast Guard Definitive Action Programme (CGDAP) (2017-22). With the fructification of schemes envisaged in CGDAP (2017-22) and de-induction of old assets, ICG will have a targetted force level of 216 ships/boats (with no old/aged ships) and 100 aircraft.

(b) The status of carryover of twelfth plan for 07 surface platforms/ on-going acquisition projects are as follows:

### (i) Surface Platforms

(a) 02 PCVs, 02 IBs & 03 OPVs are under process.

(b) New Schemes of XIII Plan {(06+06) ACVs and 08 FPVs are under consideration.

### (ii) Aviation Platforms

(a) Fresh RFI is being issued for acquisition of 14 Twin Engine Heavy Helicopter (TEHH) which has been retracted due to expiry of validity bid by M/s Airbus Helicopters, France.

(b) The case for acquisition of 06 Multi-Mission Maritime Aircraft (MMMA) is being progressed by DRDO / CABS, Bangalore for 'In Principle' approval of CCS.

(c) Replacement of 02 Aircraft (01 Dornier and a Chetak each) is being processed.

## 7.0 Financial Planning and Budgetary aspects

(a) The details of budget allocated to ICG in both heads i.e. Capital and Revenue and utilisation for the last five years is as follows:-

(Rs. in crore)

Year	BE	Final Allocation	Utilisation	% age Utilisation
2013-14	2829.81	2078.15	2117.72	100.00 %

2014-15	2680.26	2435.28	2428.02	99.70 %
2015-16	3014.00	3047.61	3033.95	99.55 %
2016-17	4124.41	4269.17	4242.24	99.37 %
2017-18	4029.79	4348.97	4334.25	99.66 %
2018-19	4791.42	-	-	-

(b) The budget allocations have been need based and fully utilised."

#### F. Need for an effective mechanism of co-ordination

3.9 The Ministry submitted the following note on efforts made on the issues which require cooperation/facilitation from Ministry of Shipping, Agriculture and External Affairs.:-

##### **“(A) Ministry of Shipping**

(i) **Incorporation of International Convention on oil spill preparedness, response and cooperation (OPRC) 1990 in Merchant Shipping Bill, 2016.**

**Background:** OPRC 1990 stipulates that the parties undertake, individual or jointly, to take all appropriate measures in accordance with the provisions of convention. International conventions are advisory in nature and same can be enforced by incorporating them in the National Legislation. Merchant Shipping Act 1958, consolidates the laws relating to Merchant Shipping to ensure compliance with the country's obligation under the Maritime Treaties and International Instrument in which India is a party.

**Efforts made:** Coast Guard Act, 1978 mandates Indian Coast Guard to take such measures as are necessary to preserve and protect Marine Environment and to prevent and control Marine Pollution. In order to meet this functional responsibility, ICG draws its empowerment from Merchant Shipping Act. During consultative meetings of Merchant Shipping Bill (2016), ICG had brought out the need for incorporating provision of OPRC 1990 in the proposed bill.

**Present Status:** Due to non inclusion of provisions of OPRC (1990) in Merchant Shipping MS Bill (2016) National Oil Spill Disaster Contingency Plan (NOS-DCP) provisions cannot be enforced. Therefore, the burden for preservation and protection of Marine Environment and prevention and control of Marine Pollution rests with Government of India rather than the states/ports. Further, ICG has signed a MoU with SACEP Maritime Nations for Regional Cooperation for Oil and Chemical Spill Response on behalf of the Government and hence, it is prudent to incorporate OPRC 1990 in the National Legislation to meet the International obligation by Ministry of Shipping.

(ii) **Incorporation of penalties for non carriage of mandatory equipment onboard fishing boats as per Merchant Shipping Bill, 2016.**

**Background:** Merchant Shipping Bill, 2016 stipulates fittings/ materials/ appliances and apparatus for safety, security and prevention of pollution onboard fishing boats as may be prescribed by the Central Government.

**Efforts made:** Coast Guard Act, 1978 mandates Indian Coast Guard to take such measures as are necessary for providing protection to fishermen including assistance to them at sea while in distress. There is a need for fishing boats to be equipped with the stipulated equipment / communication equipment for safety of fishers at sea.

**Present Status:** Efforts are in hand to impress upon the concerned Ministry to incorporate penalties under the Merchant Shipping Bill, 2016 as deterrence for mandatory carriage of life saving equipment and communication equipment.

**(B) Ministry of Agriculture & Farmers' Welfare (MoA&FW)**

**(i) Enactment of Central Marine Regulation Fisheries Act for regulating fishing in EEZ and High Seas.**

**Background:** Presently, there is no act to regulate fishing in Exclusive Economic Zone (EEZ) and High Seas for Indian fishing boats. The State Marine Fisheries Regulation Acts enacted by Coastal States/UTs are applied only in the territorial waters i.e. upto 12 NM from shore.

**Efforts made:** Indian Coast Guard has been entrusted with ensuring the security of the maritime zones of India with a view to protect maritime and other national interests in such zones and for matters, connected therewith. Fishing by Indian fishermen in Indian EEZ and High Seas falls under category of Illegal, Unreported, Unregulated (IUU) fishing. Indian fishermen are venturing into neighbouring countries EEZ/ territorial waters for fishing and are being apprehended/ fired upon by security forces of neighbouring countries. Precious lives being lost at sea due to cyclones/ collision due to inadequate carriage of life saving/ communications/ navigational appliances. ICG from time to time has been taking up with MoA&FW for enactment of Central Marine Regulation Fisheries Act (CMRFA) for regulating fishing in Indian EEZ and High Seas for fishing by Indian fishing boats in the Maritime Zones.

**Present Status:** On 6<sup>th</sup> September, 2018, MoA&FW was requested to constitute a Committee/Task Force for undertaking following:-

- (a) Review of the existing Draft Marine Fisheries Regulation and Management Bill.
- (b) Review of Registration and Licensing of Fishing Craft (ReALCraft) website for optimizing its utility in monitoring fishing activity and developing communication link.
- (c) Formulation of guidelines on documentation related to fishery activity.
- (d) Developing an effective mechanism of Survey and Certification for fishing boat.

**(C) Ministry of External Affairs**

**(i) Empowerment of ICG under MZI Act 1976 for Visit, Board, Search and Seizure through suitable notification under the said Act.**

**Background:** In July, 2011, the proposal for amendment of Maritime Zones of India Act (MZI Act), 1976 for empowerment of ICG and IN to exercise the powers

to stop, board, search and seize foreign vessels violating the MZI Act, 1976 was taken up with MEA. However, since then, MEA (L&T) Division has been repeatedly returning the case insisting that MZI Act, 1976 is not the appropriate instrument for such power to be authorized to ICG and IN as it only defines and extends the maritime zones of India.

**Efforts made:** The above issue was discussed in 12<sup>th</sup> National Committee on Strengthening Maritime and Coastal Security against threats from the Sea (NCSMCS) meeting in Oct 2015 and MEA was requested to consider the case. The issue has been also taken up in the subsequent meetings of the NCSMCS.

**Present status:**

The position of MEA has been that MZI Act 1976 gives effect to the provisions of UNCLOS, which basically regulates issues relating to peaceful use of seas and marine resources and the rights, obligations and jurisdiction of countries to that effect. It does not deal with general criminal offences and security. It has further been pointed out by MEA that an Act (Coast Guard Act) which is already in force in the Indian EEZ does not require to be "extended" to the EEZ through a notification under Section 7(7) of the MZI Act.

Based on further discussions as the subject in Cabinet Secretariat, Legal opinion on the feasibility of authorizing Indian Coast Guard under Section 121 of the Coast Guard Act to carry out visit, Board, Search & Seize (VBSS) operations in the EEZ to enforce the provisions of MZI Act, 1976, without a corresponding notification under the MZI Act, 1976, is being sought. Further action in the matter shall be taken accordingly."

**Observations/ Recommendations of the Committee**

3.10 With regard to creation of dedicated training academy/ infrastructure for ICG, the Committee note that due to withdrawal of environmental and Coastal Regulation Zone (CRZ) clearance by Ministry of Environment and Forests for setting up the Indian Coast Guard Academy at Azhikkal, Kerala, the process of exploring/ identifying suitable alternate land for ICG Academy has been initiated in other coastal States. The Committee further note from the submission of DG, ICG during oral evidence that 160 acres of land for the same was identified in Karnataka and 140 acres in Tamil Nadu. The Committee strongly feel that when ICG is shouldering the responsibility of providing training not only to its own officers but also to personnel of Paramilitary, Police and other Government agencies like Customs, DG Lighthouses and Lightships, etc. and with the Coast Guard Training Centre (CGTC) at Kochi having limited facilities, it is imperative that a dedicated training facility may be developed at the earliest and desire that urgent efforts be made to select and finalise an alternate site and construction of the training facility be done in a time bound manner. The Committee recommend that the new proposals for acquisition/lease of land at New Mangalore, Kochi, Karwar, Androth, Kakinada, Veraval, Vizaq and Daman be expedited. Further, while noting that in the second phase of coastal surveillance network at 38 sites

the order was to be placed to BEL, the Committee desire that the same may be done at the earliest and the network be set up in a specified time frame.

3.11 The Committee note that ICG has been designated as the authority responsible to coordinate Coastal Security in territorial Waters (12 NM from baseline) including waters to be patrolled by Marine Police. The Committee observe that at present, the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones (MZI) Act, 1976 Act which is implemented by the Ministry of External Affairs does not designate an authority for the purposes of investigation and arrest, seizure of vessels and individuals who undertake any activity which is hostile to the interests of the nation. The Committee note that the MEA (L&T) Division has been repeatedly returning the proposal insisting that MZI Act, 1976 is not the appropriate instrument for such power to be authorized to ICG and Indian Navy (IN) as it only defines and extends the maritime zones of India. In the wake of increased security threat to the nation through the sea, the Committee desire that the Ministry of Defence should earnestly bring to the notice of appropriate authorities to enact suitable law so as to empower and strengthen the Coast Guard to investigate and arrest individuals, and seize vessels and carrying out criminal and anti-national activities.

3.12 The Committee note that required infrastructure at 42 ICG stations is at various stages for sanction, that a number of platforms, including Twin Engine Heavy Helicopters (TEHH) and Multi Mission Maritime Aircraft (MMMA) have been proposed for acquisition into ICG which would strengthen ICG and give early warning to surface platforms, that development of aviation infrastructure along with jetty work at 6 stations is in progress, that new jetty construction proposals for 1110 meters have been initiated and that the proposal for Digital Coast Guard Phase-I and the Coast Guard manpower is envisaged to be stabilized at about 25000 personnel by 2030. The Committee further note that the ICG targets to have a force level of 216 ships/boats and 100 aircraft by 2022. The Committee desire that infrastructural development in all the fields may be monitored and completed in a time bound manner.

3.13 The Committee note that the Coast Guard Act, 1978 mandates ICG to take such measures as are necessary to preserve and protect Marine Environment and to prevent and control marine pollution and that in order to meet this functional responsibility, ICG draws its empowerment from Merchant Shipping Act. Observing that during consultative meetings of Merchant Shipping Bill (2016), ICG had brought out the need for incorporating provision of Oil Spill Preparedness Response and Cooperation (OPRC) 1990 in the proposed bill. The Committee observe that ICG has also been entrusted with ensuring the security of the maritime zones of India with a view to protect maritime and other national interests in such zones and that ICG has been taking up with Ministry of Agriculture and Farmers Welfare (MoA&FW) for enactment of Central Marine



Regulation Fisheries Act (CMRFA) for regulating fishing in Maritime Zones. In this regard, the Committee observe that the National Committee for Strengthening Maritime and Coastal Security (NCSMCS) is a national-level forum and an apex review mechanism for maritime and coastal security, in which all concerned Ministries and Government agencies are represented. The Committee desire that NCSMCS may take up issues such as identification and tracking of ships and uniform system of registration of fishing vessels and also demarcation of responsibilities of all the Ministries/Departments and forces concerned with the Country's Coastal Security so as to ensure effective coordination and prevent system failures. The said Committee may meet at frequent regular intervals so that the coastal and maritime security of the country is effectively monitored and strengthened. The Committee desire that NCSMCS may also take up incorporation of the provisions as suggested by ICG in the Merchant Shipping Bill, and early enactment of CMRFA for regulation of fishing in maritime zones.

## Chapter IV- Implementation of recommendations<sup>1</sup> of the 32<sup>nd</sup> Report on 'Indigenous Construction of Indian Naval Warships' and 59<sup>th</sup> Report on Action Taken by the Government thereon

### A. Summary of 32<sup>nd</sup> Report

4.1 The 32<sup>nd</sup> Report (16th LS) of PAC (2016-17) on 'Indigenous Construction of Indian Naval Warships' was presented to the Lok Sabha on 22<sup>nd</sup> December, 2015 and laid on the Table of the Rajya Sabha on 23<sup>rd</sup> December, 2015. The Committee had observed the importance of performance of the indigenous ship building capability for the Navy for achieving operational efficiency and preparedness and felt, therefore, that adequate accountability framework, infrastructural upgradation, indigenisation, and realistic cost estimation were of paramount importance. The Committee had found inordinate delays in shipbuilding, poor cost estimation and undue delay in the conclusion of the contracts for Project 15A and Project 17. It was also found that delays were mainly due to lack of adequate infrastructural facility, non-finalization of structural designs and slippages in delivery. There were shortfalls such as lack of cost estimation mechanism, non-availability of warship quality steel and other supplies and several issues related to procurement and slackness in financial management.

4.2 After in-depth examination of the subject which included deliberations with various stakeholders such as Ministry of Defence, the Indian Navy, Mazagaon Dock Limited, Goa Shipyard Limited, Garden Reach Shipbuilders & Engineers Limited, the Committee made 12 recommendations which mainly included single point accountability to be fixed for ship building project; institutionalized mechanism in NHQ to ensure calculation of accurate cost of a warship; promotion of indigenous production of naval warship; creation and development of industrial bases across country and setting up of ancillary units to enhance manufacturing capability of defence as well as other sectors; the Navy to maintain statement of accounts on yearly basis; expansion of domestic vendor for timely delivery and modernization and expansion of shipyards.

### B. Summary of 59<sup>th</sup> Report

4.3 After examination and analysis of the action taken replies from the Ministry of Defence, the Committee presented the 59<sup>th</sup> Report (16th LS) on Action taken by the Ministry on the 32<sup>nd</sup> Report to the Parliament on 22<sup>nd</sup> November, 2016. While the Committee accepted replies of the Ministry on eight recommendations, they made further observations in respect of three of them. In case of remaining four recommendations, replies of the Ministry were not accepted against two of them and the Committee did not desire to pursue two recommendations by the Committee in view of the replies received from the Government. The Committee had recommended that Controller of Warship Production and Acquisition (CWP&A) be made more accountable and given mandate to ensure strict compliance by agencies and also pointed to the lack of adequate mechanism for accurate cost estimation which further affected the delivery schedule. The Committee was of the opinion that domestic vendor be expanded by the

Ministry so that dependency on international suppliers could be reduced thereby automatically arresting delays and protracted negotiations. In view of various irregularities brought out by the Audit in naval warship building, the Committee had also recommended the Ministry to order enquiry against officials responsible. Apart from fixing of responsibility, the Committee had recommended that single point accountability for shipbuilding project be fixed under which unity of command would ensure better span of control and result in effective management of ship building processes and procedures.

4.4 The Committee had made special emphasis on promoting indigenous production of naval warships and the military hardware which will also give boost to Government's "Make in India" campaign. The Committee felt that India being a major maritime nation with vital economic and security interest linked to the sea, it was imperative for the Indian Navy to be equipped with requisite number of ships in a timely manner to meet multifarious challenges. The Committee had also stressed the importance of infrastructural upgradation and modernization of shipyards and that the Ministry may initiate timely expansion while making the necessary resources available for the purpose. The Committee had further recommended that the Ministry may make efforts to bring all the shipyards at par with the best shipyards of the world and that modernization programmes be restructured and implemented expeditiously so that the production of warships would be in sync with the demands of the Indian Navy.

4.5 In regard to contentious issues such as delay in warship building, inaccurate cost estimation, delay in signing of contract, nomination and readiness of shipyards, cost and time overrun, etc. the Committee had urged the Ministry to ensure that the Apex Committee meetings be held regularly with the issues being discussed and proper guidance given so that the anomalies may be removed before surfacing as big problems in the way of warship building exercise of Indian Navy. The Committee was of the view that Apex Level Committee Meetings were crucial for reviewing and monitoring warship production.

4.6 On selection of the 32<sup>nd</sup> and 59<sup>th</sup> reports for examination, the Sub-Committee took oral evidence of the Ministry of Defence on 27 February, 2019.

### C. Warship Building

4.7 The Ministry submitted the following steps taken with regard to warship building, cost estimates and revision in costs and nomination and readiness of shipyards and other issues:-

"1. Delays. Reasons for delays in the Projects under examination were as follows :-

- (a) Delay in delivery of equipment by both indigenous and foreign vendors.
- (b) The disintegration of former Soviet-Union adversely affected both the delivery schedules as well as the costing of the weapons and sensors for the projects under review.

(c) Indigenisation / development of steel, certain weapons and sensors, took time and resulted in time-over-runs.

(d) Considering the long build periods of warship projects and lifecycle of warships i.e of about 25-30 years, it becomes necessary at times to upgrade the weapons and sensors during the execution of the project which is likely to result in time and cost overruns.

## **2. Mandating the Controller of Warship Production and Acquisition for ensuring strict compliance and accountability for warship building.**

(a) Besides NHQ and the shipyards there are various agencies like DRDO, OFB / other PSUs, private vendors, foreign Governments / Foreign OEMs etc who are involved in warship building in our context.

(b) Whilst various agencies as mentioned above perform their respective roles, the Controller of Warship Production and Acquisition (CWP&A), at NHQ is the single point authority to monitor the design and production activities related to warship building.

## **3. Strengthening of existing institutional mechanism for preparation of accurate cost estimates.**

(a) A 'standing committee' has been constituted by Indian Navy on 'Costing Methodology of Warships being built in DPSU shipyards'.

(b) The recommendations of the Costing Committee have also been shared with the different stakeholders for necessary action. Recommendations have been extensively used during the CNC of recent projects.

(c) The Contract Negotiation Committee (CNC) for shipbuilding projects inter-alia include members from NHQ, Acquisition Wing and MoD (Finance). The CNC carries out considerable scrutiny of the budgetary quote submitted by the shipyards vis-a-vis the extant and international benchmarks. This costing is approved by the CFA, post vetting of MoD (Finance) and MoF.

## **4. Method of selection of shipyards for warship building.**

(a) Shipbuilding projects are awarded to shipyards (DPSU / PSUs as well as private sector shipyards) based on capacity assessment / qualification carried out as stipulated in the DPP considering the capacity, experience and capability of the Yard to build a specific ship as per requirements of Indian Navy with final decision by DAC.

(b) In order to optimally utilize the capacity of other shipyards viz private and PSU shipyards, orders for warship construction have now been placed on these shipyards also based on capacity assessment / qualification carried out as stipulated in the DPP.

## **5. Fixing of responsibility on shipyards for delays in delivery.**

Delays and cost escalation in each of the audited Projects was examined by the Ministry and re-casting of timelines and revision of cost has been accorded by

the CFA / CCS after ascertaining the reasons / attributability in each case. Accordingly, both MDL and GRSE have been levied LD by the Ministry as per Defence Procurement Procedure / contractual provisions for delays attributable to them in P-17, P-15A, and P-28 respectively.

#### 6. Creating a robust monitoring mechanism for all projects.

The organization under CWP&A monitors the projects and the progress is also reviewed by the Apex Committee chaired by Secretary, Defence Production.

7 Infrastructure upgradation of Shipyards. Modernisation of facilities is an ongoing process. A comprehensive assessment of the modernisation needs of the DPSU Shipyards have been made based on the requirement of the ongoing and future projects. The modernisation programme is intended to increase productivity and reduce build periods through upgradation of existing infrastructure, enhancement of capacity and incorporation of state-of-the-art shipbuilding technology. Accordingly, MDL, GRSE, GSL & HSL have embarked on a major modernisation programme to augment their facilities.

Upgradation of Shipyards / New Technologies and Processes. As regards, incorporating technologies and processes, a performance benchmark study of DPSU shipyards vis-à-vis international shipyards / standards and best practices have been carried out by a reputed consultant. Further, MDL and GRSE have entered into a contract with an international 'know-how provider' for adopting 'Integrated / Modular Construction' in P-17A. Industry best practices, procedures and state-of-the art methodology is envisaged to be imbibed through the ongoing construction of P-17A. In addition, GSL would be collaborating with an international shipyard for acquiring Mine Counter Measure Vessel (MCMV) technology and with a Russian shipyard for construction of Frigates."

4.8. Regarding indigenous private players, representatives of the Ministry of Defence stated the following:-

"...private ship building yard nurturing and grooming, two shipyards close to MDL are being nurtured to groom for mega outsourcing."

4.9 In this regard, the following detailed information was submitted by Mazagon Docks Limited:-

"2. Requisite information is as given below:

- a) MDL is currently executing three (03) major projects for Indian Navy. These projects are as under:
  - i. 04 Nos. Missile Destroyers – P15B
  - ii. 04 Nos. Stealth Frigates – P17A
  - iii. 06 Scorpene Class Submarines
- b) In accordance with Govt. of India's thrust for private participation in Defence activities, MDL has been making concerted efforts for involvement of private Shipyards to assist MDL for timely liquidation and execution of the Naval

projects. In this regard, MDL has entered into Memorandum of Understanding (MOU) with two private Shipyards in the West-Coast of the country:

- i. M/s. Shoft Shipyard Pvt. Ltd. (SSPL), Gujarat.
  - ii. M/s. Chowgule & Co. Pvt. Ltd. (CCPL), Goa
- c) In conventional shipbuilding methodology, individual units were fabricated and erected on slipways. With the newly introduced concept of integrated construction, MDL is undertaking parallel construction at different geographical locations including at Private shipyards. Since these yards do not have adequate experience of warship construction, MDL is not only ordering blocks for fabrication and outfitting but also providing handholding during the construction process. Handholding to vendors is provided by undertaking the inspection at various stages during the construction viz welder qualification test, material inspection, radiography, deformation checks, pressure test of pipes etc.

The details of blocks outsourced for mega-outsourcing for P15B Destroyer class and P17A Frigate class to SSPL and CCPL are as below:

Project	No. of Ships	Total No. of Blocks	Mega Blocks outsourced to Private Shipyards	Vendor	Value (Rs. In Cr)
P15B	4	68	25	M/s. Shoft Shipyard Pvt. Ltd., Bharuch, Gujarat	182.19
P17A	4	116	22		161.11
			24	M/s Chowgule & Company Pvt. Ltd. Goa	108.34
Total	8	184	71		451.64

#### Observations/ Recommendations of the Committee

4.10 The Committee note that in pursuance of the recommendations made by them in their 32<sup>nd</sup> and 59<sup>th</sup> reports, Ministry of Defence along with Indian Navy and allied organisations have taken numerous steps, especially in the case of Warships building, making accurate cost estimates and in capacity building of shipyards. The Committee observe that the delay in warship building which was mainly on account of delay in procurement of equipment from foreign vendors, delay in availability of developmental equipment and time taken for indigenization

etc., have been corrected to a great extent. The Committee also observe that a standing committee has been constituted by Indian Navy on 'Costing Methodology of Warships being built in Defence Public Sector Undertakings (DPSU) shipyards, whose recommendations have been extensively used by the Contract Negotiation Committee (CNC) of recent projects. The CNC carries out considerable scrutiny of the budgetary quote submitted by the shipyards vis-a-vis the extant and international benchmarks. This costing is approved by the Competent Financial Authority (CFA), post vetting of Ministry of Defence (MoD) (Finance) and Ministry of Finance (MoF). The Committee also note that the Controller of Warship Production and Acquisition (CWP&A), at Navy Head Quarters (NHQ) has been made the single point authority to monitor the design and production activities related to warship building. The Committee further observe that Shipbuilding projects are awarded to Shipyards (DPSU / PSUs as well as private sector shipyards) based on capacity assessment / qualification carried out as stipulated in the Defence Procurement Procedure (DPP) considering the capacity, experience and capability of the Yard to build a specific ship as per requirements of Indian Navy with final decision by Defence Acquisition Council (DAC). Delays and cost escalation in each of the audited Projects was examined by the Ministry and re-casting of timelines and revision of cost has been accorded by the CFA / Cabinet Committee on Security (CCS) after ascertaining the reasons in each case. Accordingly, Mazagaon Dock Limited (MDL), Garden Reach Shipbuilders & Engineers (GRSE), Goa Shipyard Limited (GSL) & Hindustan Shipyard Limited (HSL) have embarked on a major modernisation programme to augment their facilities. The Committee further note that two private shipyards viz. M/s Shoft Shipyard Pvt. Ltd., Gujarat and M/s Chowgule & Co. Pvt. Ltd., Goa close to MDL are being nurtured to groom for mega outsourcing. While acknowledging the various measures taken by the Ministry for warship building, the Committee opine that timelines may be specified for each activity, the efficacy and success of initiatives undertaken by the Government may be regularly assessed and responsibility fixed in case of non-achievement of the specified targets. The Committee hope that all the measures mentioned above would enhance the nation's defence preparedness and that the Ministry and Navy would continue to augment their resources and reduce time and cost overruns in warship building projects. The Committee desire the Ministry to make earnest efforts to encourage production of warships of international standards by Public Sector Undertakings as well as Private Ship Building Companies so that our country become self-reliant in the field.

## Chapter V- Implementation of recommendations of the 14<sup>th</sup> Report on 'Integrated Child Development Services (ICDS) Scheme' and 35<sup>th</sup> Report on Action Taken by the Government thereon

### A. Summary of 14<sup>th</sup> Report

5.1 The 14<sup>th</sup> Report (16<sup>th</sup> LS) of PAC (2014-15) on 'Integrated Child Development Services (ICDS) Scheme' was presented to the Lok Sabha on 27<sup>th</sup> April, 2015 and laid on the Table of the Rajya Sabha on 28<sup>th</sup> April, 2015. The Committee had observed that the Integrated Child Development Services (ICDS) Scheme to be crucial in the country's commitment to its children and nursing mothers, its response to the challenge of providing Pre-School non-formal Education on one hand and breaking the vicious cycle of malnutrition, morbidity, reduced learning and mortality on the other. The Committee had felt therefore, that adequate regulatory framework, policy implementation, operational issues, and internal controls were of paramount importance for the benefit of the scheme to reach to the intended beneficiaries. The Committee had found inordinate delays in the implementation of the scheme due to inadequate coordination between Ministries and different Departments. There were shortfalls such as lack of infrastructural facilities, poor hygiene and sanitation due to absence of toilets and non-availability of drinking water, unavailability of essential utensils and other requirements for providing supplementary nutrition, large scale vacancies and failure of internal monitoring and evaluation.

5.2 After in-depth examination of the subject which included deliberations with the Ministry of Women and Child Development, the Committee made 17 recommendations which mainly included complete universalization of the scheme; coverage of all SC/ST/OBC and minority community habitation under the scheme; extension of Anganwadi Centres (AWCs) to cover areas in vicinity of industrial areas, need for review mechanism and effective coordination between Departments at different levels; provision of basic infrastructural facilities and equipments for AWCs; provision of mobile toilets in AWCs with no toilet facilities; Information, Education and Communication (IEC) and communication mobilisation; need for staffing and training; monitoring and evaluation mechanism.

### B. Summary of 35<sup>th</sup> Report

5.3 After examination and analysis of the action taken replies from the Ministry of Women and Child Development, the Committee presented the 35<sup>th</sup> Report (16<sup>th</sup> LS) on Action taken by the Ministry on the 14<sup>th</sup> Report to the Lok Sabha on 22<sup>nd</sup> December, 2015 and laid on the Table of Rajya Sabha on 23<sup>rd</sup> December, 2015. While the Committee accepted replies of the Ministry on thirteen recommendations, they made further observations in respect of seven of them. In case of remaining four recommendations, replies of the Ministry were categorized as interim. In respect of Nutritional needs of child, the Committee were of the view that besides age, health and



weight of the children were vital parameters in ascertaining their nutritional needs and further recommended that child health experts may be engaged to evolve a comprehensive criteria for determining the nutritional requirements of children, link the financial norms for supplementary nutrition with the Cost Inflation Index and the Committee be apprised of their opinion.

5.4 In the context of non-operationalization of AWCs and delay in recruitment of Anganwadi Workers (AWWs)/Anganwadi Helpers (AWHs), the Committee recommended that the Ministry should take up the issue of expediting the financial processes with the respective State Mission Steering Groups and issue instructions to the State Governments to take urgent steps to fill up these vacancies on priority basis. The Committee observed that an Anganwadi Centre (AWC), being focal point for delivery of ICDS services requires basic infrastructure, and desired that the Ministry should closely monitor the construction of AWC buildings taken up by the State Governments so as to ensure availability of good quality buildings for the AWCs fulfilling the prescribed standards. In matter of hygiene and sanitation, the Committee noted that child friendly toilets and drinking water facility are the basic minimum requirements for the effective functioning of an AWC. The Committee recommended that the Ministry should take up the matter of providing child friendly toilets and drinking water facility to the children with the State Governments on priority basis and also to provide mobile toilets in AWCs where no toilets were available.

5.5 In regard to Pre-School Education (PSE), the Committee desired that the State Governments be instructed to immediately provide PSE kits to each AWC, as imparting PSE is an important component of the ICDS. The Committee also felt that the Child Development Project Officer (CDPO) should analyse the reasons for shortfall in number of children joining primary school and persuade/counsel the parents to make their child join the mainstream education. With respect to expansion of AWCs to cover areas in the vicinity of large factories and industrial areas where substantial number of women workers are employed, the Committee reiterated that the Ministry while sanctioning future AWCs give adequate attention to the areas where a large number of women workers work and the timings of such AWCs may also be adjusted according to the needs of these women. On the issue of inadequate follow-up action on internal monitoring and evaluation by the Ministry, the Committee desired that Central Monitoring Unit be strengthened and Supervisors be sensitized about being thorough in his/her approach and visits to AWCs be made regular for CDPOs and a periodic assessment be done to evaluate the achievement leading to efficient implementation of ICDS.

5.6 On selection of the 14<sup>th</sup> and 35<sup>th</sup> reports for examination, the Sub-Committee took oral evidence of the Ministry of Women and Child Development on 27<sup>th</sup> February, 2019.

### C. Operationalisation and Infrastructure of Anganwadi Centres

5.7 Regarding construction and operationalisation of Anganwadi Centres, the representatives of the Ministry submitted the following:-

"Previously, our Ministry was giving an amount of Rs. two lakh for construction of anganwadi. The Ministry of Finance has reduced this amount to Rs. One lakh, and that too on reimbursement basis. So, now States are not able to provide that extra money from their own side. Very shortly, we will be going to the EFC and requesting them to go back to the original scheme. Otherwise, the construction of anganwadi centres with the help of convergence programme will come under a lot of pressure. So, we are trying to restore it to the original amount of Rs. Two lakh....

Why most of these anganwadis are not getting operationalized is because all these proposals have come from the State Government and in the State Governments, each State Government follows a very detailed process wherein MLAs consulted and thereafter based on certain parameters the proposals are sent. We have approved it here. Thereafter, for some reason either the MLA changes or the Government changes and then there are perpetual requests to the Central Government to change the location of specific anganwadis. In that case, in the year 2014 we issued very clear orders that in case a State Government wants to change the location of an already sanctioned anganwadi, then it should be located within one kilometer of the urban area or within two or three kilometres of the rural area but where there is substantial number of disadvantaged children who are living there who are in need of anganwadi service and they can change it. But this is the type of problem that we are facing."

5.8 The Ministry further provided a list of State-wise sanctioned, in-position and vacant posts as on which is attached as **Annexure** to this report.

5.9 Regarding construction of Anganwadi Centres in urban slum areas, the representatives of the Ministry submitted the following during oral evidence:-

"The problem arises because about 10 per cent of our Anganwadi centers are in the urban areas where they have become urban slums. We do not have any funds for those. We are trying to have a tie up with the Urban Development Ministry."

5.10 As regards, Anganwadi centers in which crèches are to be constructed, the representatives of the Ministry stated the following:-

"Sir, with your permission now, I would like to address the issue of the 25,000 Anganwadi centers in which crèches are to be constructed in the urban areas. Unfortunately, we have not succeeded much on this account. Earlier, we had tried, as per our norms, 5 per cent of the Anganwadi centers can develop as crèches also. We tried to have some crèches in Anganwadi but it did not succeed. Now, what we have done is that with the help of the Urban Development Ministry, we have chalked out a programme and we are going to

the Finance Ministry. We are going to take these 25,000 Anganwadi centers for having crèche facility in urban areas. We are working on it very seriously. We hope to make a breakthrough very soon."

5.11 For construction of child friendly toilets and drinking water facilities, the Ministry submitted the following in their written replies:-

"There are 1172896 AWCs having drinking water facilities and 929339 AWCs having Toilet facilities out of 13.63 lakh functional AWCs. That means, 86.1% AWCs are having drinking water facilities and 68.18% AWCs are having Toilet facilities. During 2017-18, funds for construction of Toilets in 69974 AWCs and providing drinking water facilities in 19993 AWCs were released to States. For the current financial year i.e. 2018-19, construction of Toilets in 70000 AWCs and providing drinking water facilities in 20000 AWCs have been approved."

#### D. Incentives, Honorarium and Vacancies

5.12 Regarding large number of vacancies in the posts of Angwadi Workers and helpers, when asked what steps have been taken to fill up the same apart from revising the rate of honorarium which was felt by the Committee to be low since an anganwadi worker and an anganwadi helper is a fulltime job, the Ministry during oral evidence submitted the following:-

"...the honorarium is Rs.4,500 for anganwadi workers and Rs.2,250 for helper. We give 60 per cent of this and 40 per cent is given by the State. In addition to this, States are adding from their own side. In addition, as ... we have taken the big step towards covering all the anganwadi workers and anganwadi helpers under the various insurance schemes. We have got them two types of insurance schemes. One is insurance for life cover and the other is accidental insurance scheme. The entire premium is being paid by the Central Government. They do not have to pay anything. In addition, we have recently moved a file to the Finance Department. There is going to be launch of a scheme for granting pension to workers of the unorganized sector. Basically it is for the building workers but we are trying to cover anganwadi workers and helpers also in that scheme."

#### E. Malnutrition

5.13 With regard to reducing the problem of malnutrition through the Anganwadi Centres, the Committee felt that certain programmes of Brazil were required to be adopted for fighting malnutrition. Further, Secretary, Ministry of Women and Child Development stated the following:-

"Under the POSHAN Abhiyan, we are now in direct touch with the Collectors. We have identified about 115 Aspirational Districts. These Aspirational Districts are those where the status of malnutrition, underweight, stunting and wasting has gone to alarming levels. With the help of Tata Trust, we have placed with each Collector one SwasthPrerak. These are well qualified students of IIT or IIM. They are health- volunteers. We have been guiding them. We have placed them in 350

districts but 115 districts are the worst off. ... it was identified by NITI Aayog based on stunting and wasting figures. Now all the Collectors are under obligation to hold a meeting at least once in three months devoted only to nutrition and health. They cannot make it a jumbled-up meeting with law and order and revenue matters. It has to be only with nutrition... That we are monitoring. We are getting information and we are directly in touch with the Collectors. After some time, we will have report of the fractal. Today, we have seen that 68 per cent of the children who were born with low birth weight have emerged out in seven months and have gained normal weight."

### Observations/ Recommendations of the Committee

5.14 The Committee understand that shifting of sites by State Governments for Anganwadi Centres, pending court cases and less amount of money allotted for construction of the same are some of the reasons for non-completion of construction and operationalisation of Anganwadi Centres. The Committee desire that the Ministry interact with the State Governments to find out the constraints that they are facing in implementation of the Integrated Child Development Services (ICDS) Scheme and construction of Anganwadi Centres and then help them in resolving their problems. The Committee have been given to understand that previously, the Ministry was giving an amount of Rs. two lakhs for construction of each Anganwadi Centre and that the Ministry of Finance had reduced this amount to rupees one lakh which would be on reimbursement basis. The Committee note that due to this reduced amount, States are not able to provide any extra money from their side and the Ministry is reported to be considering to request the Ministry of Finance to go back to the original scheme. The Committee urge the Ministry to get it expedited at the earliest. The Committee also recommend that a committee comprising of a representative each from the ministries and State Governments concerned may be made for resolution of all such matters. While recommending that the implementation of the Scheme may be monitored district-wise on a regular basis, the committee also desire the Government to appoint district welfare officers for monitoring various welfare schemes.

5.15 The Committee observe that the maximum number of vacancies exist in the posts of Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs), and the same are mainly in the States of Bihar, Karnataka, Maharashtra, Rajasthan, Uttar Pradesh and West Bengal. The Committee are of the view that the current remuneration being paid to the AWWs and AWHs is quite low and hence unattractive. The Committee are of the considered opinion that the AWWs and AWHs are not only shouldering the responsibility of taking care of children but also shaping the nation's future and accordingly the remuneration should be comparable with that being given to the Government teachers of Primary

comparable with that being given to the Government teachers of Primary Schools. The Committee, therefore, recommend that the Ministry may revise and increase the remuneration of Anganwadi Workers and helpers accordingly.

5.16 Regarding construction of Anganwadi Centres in urban slum areas, the Committee desire that as submitted by the Ministry, they may coordinate with the Ministry of Urban Development and Municipal Corporations to find land and construct AWCs within a time bound manner. The Committee also recommend that Anganwadi Centres need to be identified in urban slum areas preferably near industrial areas where women are working and their timing may be made as per the working timings of the industries.

5.17 The Committee while observing that the POSHAN abhiyan has resulted in good results in reducing the problem of malnutrition through AWCs, desire that the Ministry may examine similar programmes of Brazil and other countries in fighting malnutrition and use their valuable lessons to combat the problem in India.

5.18 The Committee observe that not much progress has been made in 25,000 Anganwadi centres in which creches were to be constructed in the urban areas and now the Ministry of Women and Child Development with the help of the Ministry of Urban Development has chalked out a programme for creating these crèches and is also reported to have approached Ministry of Finance. The Committee desire that as recommended earlier, the matter may be vigorously taken up with the Ministries concerned to make a breakthrough in the matter and they be apprised of the achievement.

5.19 The Committee had recommended that the Ministry take up the matter of providing child friendly toilets and drinking water facility to the children with the State Governments on priority basis and also to provide mobile toilets in AWCs where no toilets were available. The Committee note from the reply of the Ministry that there are 11,72,896 AWCs having drinking water facilities and 929339 AWCs having toilet facilities out of 13.63 lakh functional AWCs. That means, 86.1% AWCs are having drinking water facilities and 68.18% AWCs are having toilet facilities. During 2017-18, funds for construction of toilets in 69974 AWCs

and providing drinking water facilities in 19993 AWCs were released to States. For the financial year 2018-19, construction of toilets in 70000 AWCs and providing drinking water facilities in 20000 AWCs have been approved. The Committee desire that an increase in allocation of money for construction of drinking water facilities and toilets may be considered so that the remaining AWCs also set facility of drinking water and toilets in a time bound manner. Further, the Committee reiterate their earlier recommendation that mobile toilets may be provided to ensure that no Anganwadi Centre functions without the facility and that the children from the very beginning of their lives inculcate hygienic habits.

NEW DELHI;  
30 January, 2020  
10 Magha 1941 (Saka)

ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee