



**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 1988
No. 15 of 1989

*Presented in Lok Sabha on
Laid in Rajya Sabha on*

1 8 AUG 1989

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UNION GOVERNMENT
MINISTRY OF DEFENCE — COAST GUARD

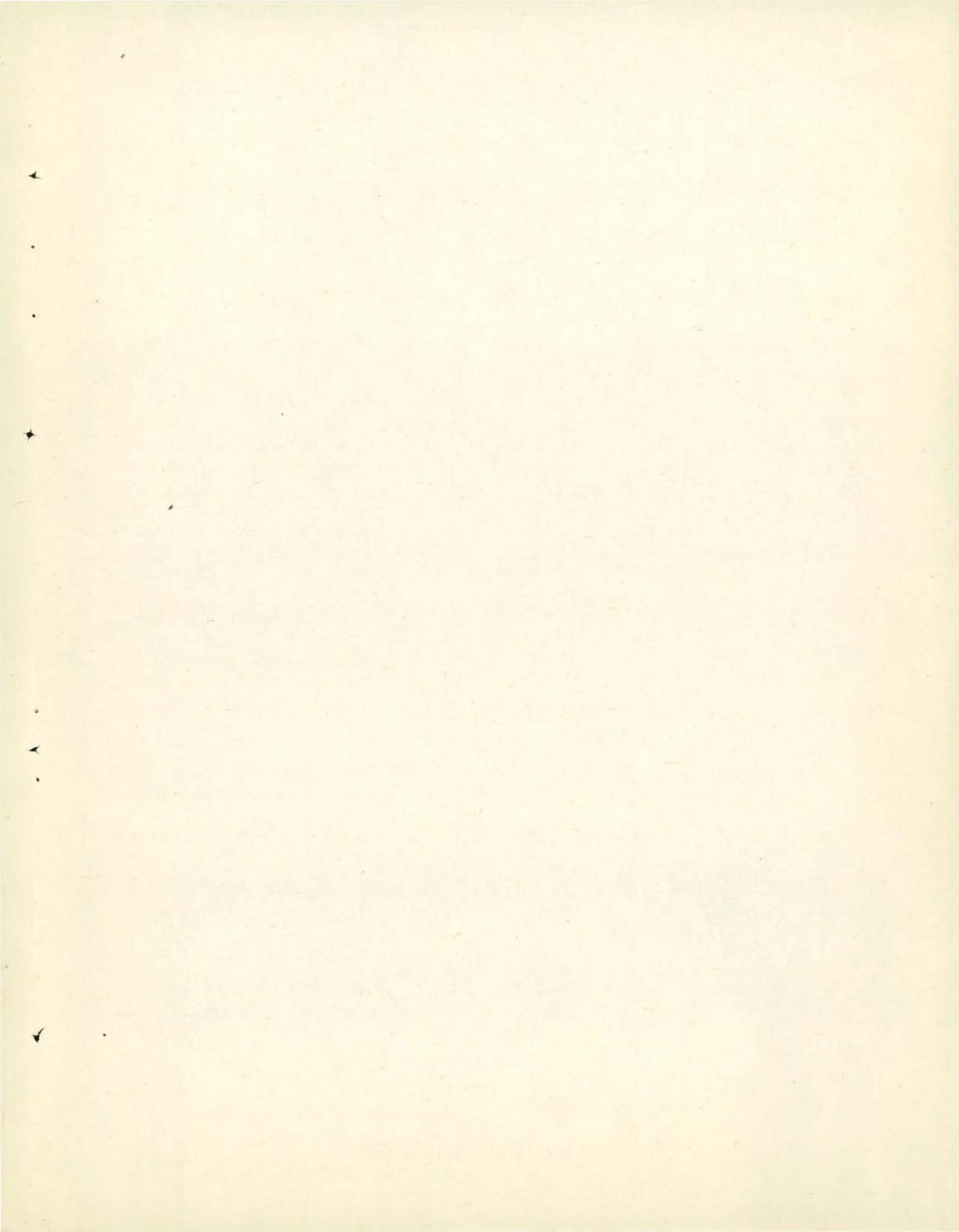
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PREFATORY REMARKS

This Report of the Comptroller and Auditor General of India for the year ended 31 March 1988 has been prepared for submission to the President under Article 151 of the Constitution.

2. The Report contains a review on the functioning of the Coast Guard Organisation.

3. The findings contained in the review are those which came to the notice in the course of test audit.

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OVERVIEW

This Audit Report contains a review on the functioning of the Coast Guard. The Coast Guard, formally constituted in August 1978 as an armed force of the Union, is charged with the responsibility of protecting, in close liaison with other Union agencies, the maritime and other national interests in the maritime zones of India which cover approximately 28 lakh square kilometres. The points highlighted in the Report are summarised below.

Forecasting and budgetary control were not adequate.

The build up of force levels by the induction of aircraft and vessels was behind schedule since only 37 per cent of the planned force level had been built up by April 1989 which affected the Coast Guard in the fulfilment of its responsibility.

Design parameters in respect of all the nine offshore patrol vessels either acquired or being acquired, costing Rs.211.27 crores, fall below desired operational needs. A sum of Rs.26.89 crores was additionally spent on the indigenous construction of inshore patrol vessels besides slippages in delivery

Seaward defence boats operated by the Coast Guard had speed limitations and

their utilisation remained problematic. The twin engined boats functioned with only one engine for most of the period.

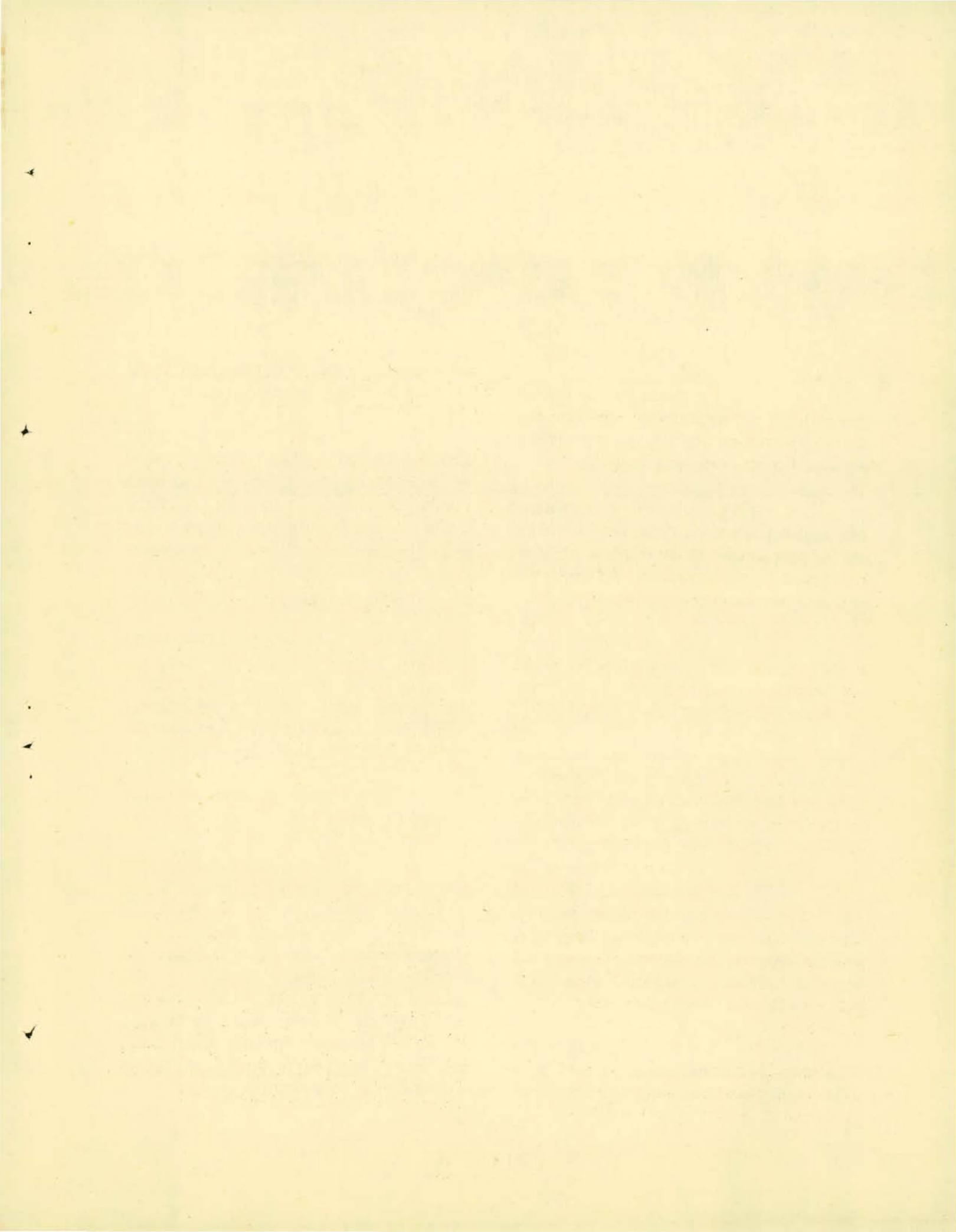
Light helicopters procured for use with offshore patrol vessels remained unutilised for periods ranging from 22 to 51 months on account of a mismatch between the receipt of helicopters and the delivery of the vessels.

An option to make outright purchase of two F-27 aircraft which could have cost Rs.1.5 crores was not exercised as against Rs.4.32 crores paid by the Coast Guard as hire charges till October 1988.

There was heavy dependence on the Navy for manpower requirements since the Coast Guard had not built up a cadre of its own.

The Coast Guard does not have any procedure for provisioning of stores. No physical verification of stocks held in the Coast Guard stores depot at Bombay had been carried out since 1981.

No rules had been made under the Coast Guard Act for liaison with other agencies and departments so as to avoid duplication of effort.



MINISTRY OF DEFENCE

COAST GUARD

1. Introduction

The Coast Guard was formally constituted as an armed force of the Union on 19th August 1978 in terms of the Coast Guard Act 1978. It is charged with the responsibility of protecting, in close liaison with other Union agencies, institutions and authorities, the maritime and other national interests in the maritime zones of India which cover approximately 28 lakh square kilometres. The following duties have been assigned to it under the Act:

- Protection of maritime and other national interests in the maritime zones of India.
- Safety and protection of artificial islands, off-shore terminals, installations and other structures and devices in the maritime zones.
- Protection to fishermen and assistance to them at sea while in distress.
- Preservation and protection of the maritime environment including prevention and control of maritime pollution.
- Assisting the Customs and other authorities in anti-smuggling operations.
- Initiating measures for the safety of life and property at sea and
- Collection of scientific data.

2. Scope of Audit

(a) A review of the Coast Guard, since its inception in August 1978 was carried out covering, inter alia, the functioning of the Organisation, its set up and growth, development plans, manpower planning, building up of force levels, acquisition and utilisation of assets and stores, financial planning, accounting and budgetary control. The recommendations/observations of the Estimates Committee made in their Seventy First Report, which are appended to this report, have also been kept in view while conducting the review.

The draft review was sent to the Ministry of Defence, the Ministry of Finance and the Coast Guard on 8th June 1989.

The Director General, Coast Guard stated in his letter of 13th June 1989 that "most of the facts and figures in the report are incontrovertible". A meeting was held with the Director General and his staff on 4th July 1989 at his request to discuss the draft review. The Ministry of Defence was represented at this meeting.

The Ministry of Defence furnished its comments on 10th July 1989 stating that "the Coast Guard is a multifunctional service requiring balanced growth in all the directions. It would, therefore, be too early to hope for its perfection in all the fields in such a brief span of its existence". By this comprehensive review, Audit aims to assist the Ministry and the Coast Guard to improve on the performance of the Coast Guard to attain its objectives.

The Ministry of Finance did not furnish its comments.

This report takes into account the reply furnished by the Ministry of Defence and the clarifications made by the Director General, Coast Guard at the meeting.

3. Organisational set up

The administrative and operational control of the Coast Guard vests in the Ministry of Defence (Ministry) and the command and supervision of the organisation is with the Director General, Coast Guard with headquarters at New Delhi. The Director General is assisted by a number of Inspectors-General, Deputy Inspectors-General, Commandants and such other officers as are appointed by the Central Government.

The entire coast line of India and the national maritime zone is divided into three Coast Guard regions in eight maritime States and the Andaman and Nicobar islands. The regions are further divided into Coast Guard districts and at a lower level, stations. There are also Coast

Guard air stations and air enclaves for the operation of aircraft. The stations are meant to provide the operational requirements, major maintenance and repair facilities and logistic support to all the regions.

4. Financial management

4.1 Budget

The administrative and operational control of the Coast Guard rests with the Ministry of Defence and the budget allocation for the organisation is provided by the Department of Revenue in the Ministry of Finance. The budget is first scrutinised and vetted by the Finance wing of the Ministry of Defence and then sent to the Ministry of Finance for final approval.

A study of the accounts of the Coast Guard from 1980-81 to 1987-88 revealed that there were wide variations between the budget estimates, revised estimates and actual expenditure both on revenue and capital account. A summary of the figures is given below:

Capital expenditure

Year	Budget	Revised Estimate	(in lakhs of rupees)	
			Actuals	Excess (+) Savings(-) with reference to Revised Estimate
1980-81	625.00	325.00	222.14	(-) 102.86
1981-82	1725.00	2205.57	1677.43	(-) 528.14
1982-83	3100.00	3050.00	2049.22	(-) 1000.78
1983-84	2282.62	2180.77	2355.96	(+) 175.19
1984-85	2203.95	3769.00	3769.00	-
1985-86	4150.00	4150.00	3930.49	(-) 219.51
1986-87	5930.00	4800.00	4321.87	(-) 478.13
1987-88	5336.00	4785.00	4510.57	(-) 274.43

2(b) A letter dated 26th July, 1989 from the Defence Secretary requesting that certain points contained in the Report be discussed with the Ministry of Defence was received by the Comptroller and Auditor General of India on 27th July, 1989 after the printed Report was received from the press. However, the Comptroller and Auditor General of India agreed to the Ministry's request and in consultation with the Secretary a meeting was held on July 28th, 1989. The facts were

again verified at this meeting and the Ministry's representatives confirmed that on most of the points raised in the Ministry's letter of 26th July, 1989 no change was called for in the Audit Report and agreed to provide written clarification on certain points. These were received vide letters of the 1st and 3rd August 1989. The Report takes these clarifications into account, wherever necessary, in the text as well as through an erratta.

Revenue expenditure

Year	Budget	Revised Estimate	(in lakhs of rupees)	
			Actuals	Excess (+) Savings(-) with reference to Revised Estimate
1980-81	647.05	607.03	242.00	(-) 365.03
1981-82	767.92	1725.00	318.86	(-) 1406.14
1982-83	891.43	716.65	487.69	(-) 228.96
1983-84	1105.68	952.22	1059.80	(+) 107.58
1984-85	1519.50	1885.44	1889.39	(+) 3.95
1985-86	2355.50	2196.77	2148.86	(-) 47.91
1986-87	2950.13	3454.00	3231.61	(-) 222.39
1987-88	5116.75	5011.00	5008.87	(-) 2.13

The table above illustrates poor forecasting and unsatisfactory budgetary control. The Coast Guard stated, in January 1989, that the under utilisation of funds in capital schemes was due to certain slippages by the manufacturing shipyards on which orders had been placed towards the close of the financial year and delays in the conclusion of contracts with foreign shipyards resulting in non-payment before the close of the financial year. However, such situations could have been taken care of at the revised estimates stage and cannot be construed as reasons for the significant under-utilisation under the capital head. Similar under-utilisation under the revenue head was not explained.

4.2 Accounts

The maintenance and internal audit of the accounts of the organisation is the responsibility of the Controller of Defence Accounts (Navy) (CDA(N)) Bombay. The CDA(N) makes payments on behalf of

the Coast Guard and claims the required amounts from the Chief Controller of Accounts (CCA), Central Board of Excise and Customs (CBEC) on a monthly basis. Copies of the monthly accounts are sent to the Coast Guard. The Coast Guard operates a suspense head in the Public Account of India' for debiting its expenditure which is limited to the provision made in the Department of Revenue (Customs) grant. On the receipt of reimbursement from the CCA, CBEC, the CDA(N) credits the amounts to the suspense head in clearance of the debits.

An analysis of the figures indicating the expenditure on the Coast Guard organisation with reference to its revised estimates, the actual expenditure as published by the Ministry of Finance, Department of Revenue (Customs) in the budget estimates of the Union Government, the expenditure claimed by the CDA (N) and the amount reimbursed by the CCA, CBEC revealed

discrepancies in the figures as detailed below:

Year	Revised Estimate	Actuals published by Department of Revenue	(in lakhs of rupees)	
			Expenditure booked and claimed by CDA (N)	Amount reimbursed by CCA, CBEC
1984-85	5654.44	5858.39	5194.73	5174.70
1985-86	6346.77	6079.35	5885.97	5879.82
1986-87	8254.00	7553.48	7838.32	7838.32
1987-88	9796.00	9519.44	9633.81	9227.69

The discrepancies had not been reconciled. The figures require reconciliation so that the true position is reflected.

The CCA, CBEC was also to reimburse the following amounts for which expenditure had been incurred by the CDA(N):

1984-85	-	Rs 20.30 lakhs
1985-86	-	Rs 6.15 lakhs
1987-88	-	Rs 426.12 lakhs

4.3 Delegation of financial powers

The orders delegating financial powers to the Director General, Coast Guard and authorities subordinate to him were issued by the Ministry in September 1978. The orders stipulated a review of these powers after two years in the light of experience gained by the organisation. No such review had been conducted by the Coast Guard till 1984 and they were getting the orders extended every two years. The Coast Guard initiated a case for the delegation of financial powers in December 1984. However, the case could not make much headway as the Ministry of Finance wanted certain essential data which could not be furnished by the Coast Guard. The Coast Guard stated, in February 1989, that they proposed to arrange a meeting with the Ministry of Defence,

Defence (Finance), etc. at an early date. It explained, in July 1989, that delegation of financial powers was inadequate and often delayed important works such as ship refits for which cases had to be initiated with the Ministry of Defence separately.

5. Planning

5.1 Long term perspective plan

The multifarious functions assigned to the Coast Guard are required to be undertaken over an area of approximately 28 lakh square kilometres. The essential ingredients of an efficient maritime service include the availability of suitable ships, aircraft, trained manpower and requisite infrastructure.

A perspective development plan with a total estimated outlay of Rs.1500 crores had envisaged the augmentation of the Coast Guard fleet to a total force level of 121 aircraft, helicopters, patrol vessels, etc. by the year 2000. This was to be implemented through four five - year plans commencing from 1979 onwards.

5.2 Development Plans 1979-84 and 1985-90

When the Coast Guard was constituted in August 1978, two old frigates and four patrol

boats being operated by the Indian Navy on behalf of the Ministry of Home Affairs were transferred to the organisation. Subsequently, the Government approved, in late 1981, the transfer of three seaward defence boats (SDBs), originally built by Garden Reach Shipbuilders and Engineers (GRSE) Limited for the Customs to the Coast Guard. With this, the 1979-84 plan outlay was increased to Rs.110 crores from Rs.100 crores as originally approved. The next five-year plan was prepared for the period 1985-90 to be co-terminus with the national plan. For the intervening year, 1984-85, a budget provision of Rs.37.23 crores was made. The financial outlay for the plan period 1985-90 prepared by the Coast Guard is Rs.550 crores. This had not yet been approved by Government (May 1989).

The table below indicates the force levels expected to be achieved by March 1990 and those achieved upto April 1989:

Details	Expected by March 1990	Inducted so far (April 1989)	Short fall
Coastal surveillance aircraft	12	3	9
Maritime rescue and surveillance aircraft (MRSA)	3	-	3
Inshore Patrol Vessels (IPVs)	18	10	8
Offshore Patrol Vessels (OPVs)	12	6	6
Deep Sea Patrol Vessels (DSPVs)	1	-	1
Rescue and Pollution Control Vessels (RPCVs)	3	-	3
Rescue helicopters	2	-	2
Total	51	19	32

It will, therefore, be seen that the induction programme is behind schedule and only 37 per cent of the planned force level (up to 1990) had been built up by April 1989. The Estimates Committee, in their Seventy First Report had recommended that the "organisation be geared up to avoid a shortfall in its planned targets in future" if it was to discharge the statutory duties assigned to it. Thus even a modest plan for equipping the Coast Guard has not been implemented adequately during a decade of its existence. The Coast Guard attributed (April 1989) the shortfall to inadequate resource allocation and delayed deliveries by shipyards. It conceded that with the existing inadequate force level, it was not possible to keep the entire 28 lakh square kilometres of maritime and coastal area under surveillance.

6. Plan implementation

A study of the implementation of the development plan revealed weaknesses and deficiencies in acquisition, contract performance and the utilisation of ships and aircraft.

6.1 Excess expenditure over sanctioned cost

The approved cost of acquisition of three offshore patrol vessels (1 to 3) was Rs 58.16 crores including base and depot spares. A contract was concluded with Mazagon Docks Limited for the construction of the vessels in January 1981. The vessels were due for delivery between June 1983 and May 1984. They were actually delivered between December 1983 and May 1986 after a delay of between 6 and 24 months. The total payment made to Mazagon Docks against this contract was Rs.60.04 crores. The excess expenditure of Rs.1.88 crores over the sanctioned amount was yet to be

regularised. The Mazagon Docks had also not submitted its final bill even three years after the date of delivery of the last vessel. The Coast Guard stated, in December 1988, that a Government sanction would be obtained to regularise the excess expenditure on settlement of the final bill.

6.2 Non-levy of liquidated damages

The terms and conditions of the contract concluded with Mazagon Docks for the construction of offshore patrol vessels 1 to 6 provided for the levy of liquidated damages for delayed deliveries of the vessels. There were considerable delays in the delivery of vessels which ranged between 6 and 24 months. Consequently, a sum of Rs.6.40 crores was recoverable as liquidated damages from Mazagon Docks. This amount had not been claimed let alone been recovered; nor had any assessment been made by the Coast Guard on the impact of the delays on the tasks assigned to it.

6.3 Operational limitations of offshore patrol vessels

The offshore patrol vessels (OPVs) (1-9) already received and under construction were designed by Mazagon Docks based on qualitative requirements (QRs) finalised by the Coast Guard in late 1978. The QRs were based on the role to be assigned to the vessels. These were improved upon progressively and incorporated as modifications. Nevertheless, design and quality limitations were observed by the Coast Guard during the exploitation of the OPVs (1-3) between October 1985 and September 1986. These were:

- the size of the deck was required to be enlarged;
- the design of the vessels made helicopter operations hazardous during rough weather;

- the endurance of the vessels needed to be increased; and
- the length and breadth ratio made the vessels uncomfortable.

There was also evidence of poor workmanship and low quality of material used by the shipyard.

The Coast Guard stated, in February 1989, that the extension of the ship's length would entail a new design and would have resulted in delays. The concept of larger and bigger ships for ensuring better sea-going qualities is proposed to be incorporated in OPVs 10-12. The Coast Guard also stated that it was not possible to incorporate design changes in OPVs 7-9 (a contract for which was concluded in August 1988) as these would have further delayed the delivery. The fact, however, remains that the induction of these OPVs is behind schedule and the Coast Guard could induct only six OPVs by April 1989 against 12 OPVs to be inducted by March 1990. Therefore, in the background of continuous delays, the Coast Guard could have modified the design of OPVs 7 to 9 to overcome the operational constraints noticed by them. Thus, all the OPVs either acquired or being acquired (1-9) at a cost of Rs. 211.27 crores fall below the desired operational needs.

6.4 Avoidable expenditure in the construction of inshore patrol vessels

Government's approval was accorded in July 1981 for the purchase of four inshore patrol vessels (IPVs) within an amount of Rs.16 crores in foreign exchange (FE) from a selected foreign shipyard subject to the condition that the knowhow for manufacture of these vessels was transferred free of cost. Sanction was also accorded for placing orders on GRSE or any other suitable shipyard under

the control of the Ministry to build six IPVs indigenously based on technology imported from the selected foreign shipyard. This was necessary as a suitable design for IPVs was not readily available in India and the time taken for evolving the design domestically would have been considerable. Material packages were to be used in first three vessels after which Government was to consider dispensing with such imports.

A contract for the purchase of four IPVs (1-4) with a foreign firm was signed in July 1982 at a cost of Rs.13.24 crores in FE at the rate of Rs.3.31 crores per vessel. These were delivered between June and September 1983, viz. after 11-13 months. Another contract was signed with GRSE in July 1983 for the indigenous construction of three IPVs (5-7) with the material packages and propulsion units imported from the foreign shipyard. These vessels were delivered by GRSE between April and October 1985, viz. after 22-26 months. Although, Government had fixed a ceiling of Rs.5.76 crores per vessel, including FE, the final cost of the vessels was Rs.5.82 crores each (with Rs.2.53 crores in FE).

After the construction of three IPVs, GRSE was not in a position to take up construction of any additional IPVs without importing the propulsion system in full and a substantial portion of the material packages. In view of the fact that there was an established requirement of 11 IPVs urgently, Government decided to import a further two ready built IPVs (8 and 9) at a cost not exceeding Rs.4.05 crores in FE per vessel and to place orders for four IPVs (10-13) on GRSE/Goa Shipyard Limited at a cost not exceeding Rs.6.25 crores each (including Rs.3 crores in FE). Accordingly, a contract was concluded with another foreign firm shipyard 'B' in April 1986 for the supply of two ready built IPVs at a cost of Rs.8.82 crores

in FE and for the supply of four material packages at a cost of Rs.8.37 crores in FE. Another contract was concluded in May 1986 with a third foreign firm for the supply of four propulsion units at a cost of Rs.6.57 crores in FE. The ready built vessels were delivered in June 1987 and September 1987 respectively.

For indigenous construction, a contract was signed with GRSE in June 1987 for two IPVs (10-11) for Rs.6.25 crores each as approved by Government in June 1985. Another contract with GRSE was signed in August 1988 for the construction of two more IPVs (12-13) at a fixed price of Rs.9.25 crores per vessel. The increase in cost was stated to be due to variations in the exchange rate and escalation in the labour rate. The revision in cost to Rs.9.25 crores each in respect of all the four vessels was approved by Government in 1988. The vessels are due for delivery progressively between December 1988 and September 1989. According to the Coast Guard, one had been delivered.

Thus, of the 13 IPVs procured or under construction, six were imported at a cost of Rs.22.06 crores in FE. These imported IPVs had a shorter delivery period of 11-13 months. On the other hand, the seven IPVs constructed or being constructed by GRSE with imported material packages and propulsion units cost Rs.54.46 crores (Rs.22.53 crores in FE). The delivery period in these cases ranged from 12 to 26 months. Clearly, indigenous construction failed in maximising the indigenous content of the IPVs. Had all the 13 vessels been imported it would have cost only Rs.49.63 crores in FE. Besides the FE of Rs.22.53 crores, the GRSE was also paid a sum of Rs.31.93 crores towards the construction of seven vessels with imported material packages and

propulsion systems. Thus, additionally a sum of Rs.26.89 crores was spent on indigenous vessels and of the four PVs expected to be delivered between December 1988 and September 1989, only one had been delivered.

6.5 Coastal surveillance aircraft

Government, while approving the Coast Guard development plan for 1979-84, stipulated that indigenous capacity within the country be fully exploited for the acquisition of aircraft for the Coast Guard. Accordingly, a case for the procurement of nine Islander aircraft at a cost of Rs.6.02 crores was proposed in May 1980. This was, however, dropped in June 1980 in the interest of common aircraft to be indigenously built under licence for various users. Government finally approved the selection of Dornier aircraft in August 1983. As the requirement of the Coast Guard was extremely urgent, it was decided in June 1984 to acquire three Dornier aircraft in fly-away condition by import at a cost of Rs.13.87 crores including Rs.13.23 crores in FE. The aircraft were due for delivery in July and August 1985. Two were received in July 1986 and the third in July 1987.

In order, however, to meet the urgent interim requirements of the Coast Guard, two F-27 aircraft were taken on dry lease from Indian Airlines (IA) for a period of one year initially in May 1983 at Rs.14 lakhs per aircraft per annum. The lease agreement with IA was signed in May 1983. The lease agreement also provided an option for outright purchase of the aircraft by the Coast Guard at a mutually fixed price. The outright purchase price in January 1983 was Rs.75 lakhs for each aircraft. At the time of executing the lease agreement, in May 1983, the contract for the Dornier aircraft had not been concluded. The extension of lease beyond

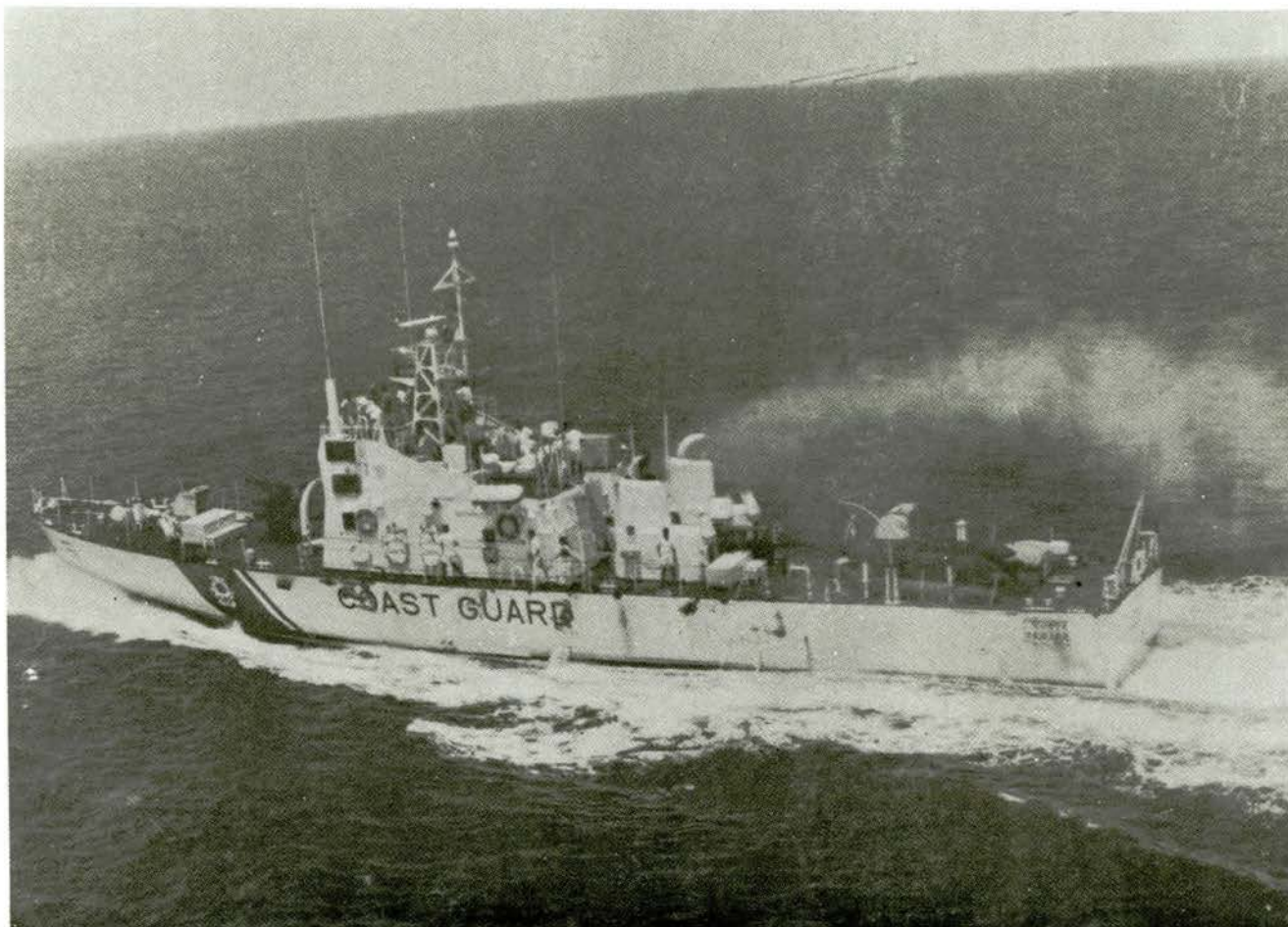
one year, therefore, became necessary because the Dorniers were expected to join the Coast Guard not earlier than July and August 1985. However, the lease agreement for hiring of aircraft from IA was extended upto 31st March 1990 even after the induction of the three Dorniers in July 1986 and July 1987 and an expenditure of Rs.4.32 crores incurred on lease charges of two F-27 aircraft up to October 1988.

The option of outright purchase of the F-27 aircraft was not exercised even though it was known in 1984 that the three Dornier aircraft were not likely to join the Coast Guard earlier than August 1985. The outright purchase would have cost only Rs.1.5 crores whereas lease charges amounting to Rs.4.32 crores had been paid till October 1988, the liability continuing till such time the lease agreement is terminated. The Coast Guard stated in November 1988 that option of outright purchase was not exercised as it would have involved setting up of infrastructure only for two aircraft. The records did not reveal, however, as to whether the cost of sharing the maintenance facilities with IA had been assessed and the final decision taken as a result of a formal cost-benefit exercise.

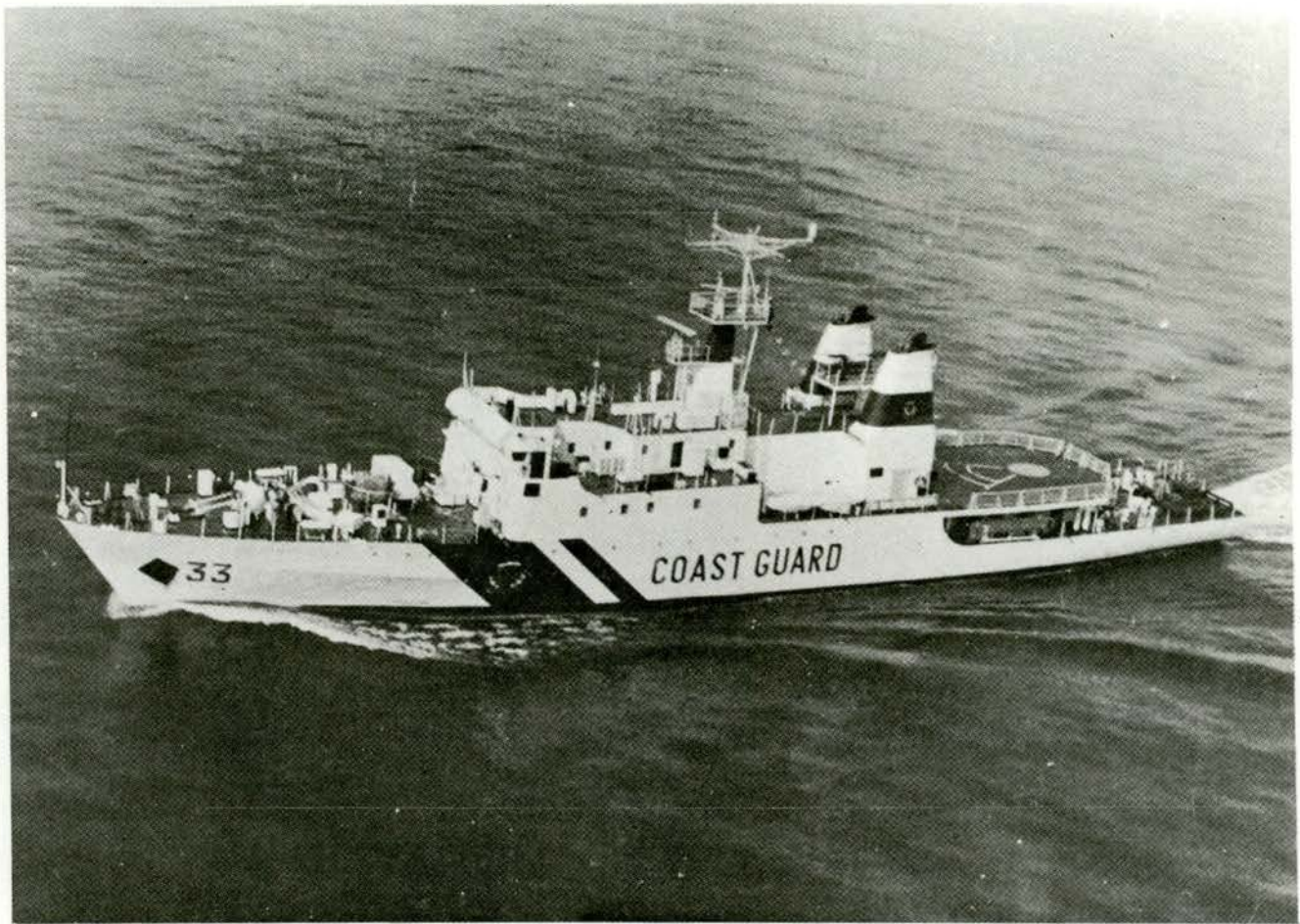
7. Operational performance

7.1 Seaward defence boats

Five Seaward defence boats (SDBs) (two earmarked for the Navy and three for the Customs) were received by the Coast Guard in December 1980, November 1981, March 1984, September 1984 and September 1986 respectively. Mention was made in paragraph 45 of the Report of the Comptroller and Auditor General of India, Union Government (Defence Services - Air Force and Navy) for the year ended 31 March 1988 (No.3 of 1989) regarding the selection of defective engines for these SDBs and its



Coast Guard Ship Raj Kamal of the Seaward Defence Boat (SDB) Class .



Coast Guard Ship Vikram on patrol (OPV Class)

consequential effects. The engines of all the SDBs remained continuously problematic and the twin engined SDBs functioned with only one engine for most of the time with considerable speed limitations even after various modifications and repair. Only one

SDB functioned with both engines from the date of its commissioning.

The operational availability-cum-performance of these SDBs from the date of their commissioning to October 1988 is reflected in the table below:

SDB	Commissioned	Operational days			Sea days		
		Task	Actual	Short fall (In per- cent)	Task	Actual	Short-fall (In per- cent)
1	December 1980	1900	995	47.63	950	206	78.32
2	November 1981	1880	1256	33.19	940	270	71.28
3	March 1984	1120	1007	10.09	560	241	56.96
4	September 1984	1000	770	23.00	500	177	64.60
5	September 1986	520	500	-	260	212	18.46
		Operational days			-	240 per annum	
	Task	Sea Days			-	120 per annum	

The unsatisfactory performance of the SDBs contributed significantly to the reduced ability of the Coast Guard to attend to its assigned tasks.

The Coast Guard stated in June 1986 that the engine selection for the SDBs was wrong and it was thrust on the Coast Guard by the Navy. The Coast Guard, therefore, was considering the re-engining of these SDBs at a cost of Rs.4.77 crores lest the assets worth Rs.27 crores being the cost of five SDBs continue to be under-exploited. The proposal for re-engining is under consideration by the Coast Guard since February 1989.

7.2 Offshore patrol vessels and Inshore patrol vessels

The Coast Guard ships are expected to be operational for 240 days in a year and sea duty for 120 days is necessary

for performing statutory Coast Guard tasks. A study in audit of the operational availability and performance at sea of both the types of vessels indicated that there were considerable shortfalls in performance as indicated below:

Vessels	Commissioned in	Sea days		
		Task	Actual	Short fall (percent)
Off-shore patrol vessels				
1	December 1983	580	478	17.59
2	April 1985	430	323	24.88
3	May 1986	300	278	7.33
Inshore patrol vessels				
1	February 1984	560	394	29.64
2	February 1984	560	419	25.18
3	October 1983	610	635	-
4	October 1983	610	680	-
5	April 1985	420	320	23.81
6	August 1985	390	374	4.10
7	October 1985	370	433	-
8	June 1987	160	165	-
9	September 1987	140	185	-

7.3 F-27 aircraft

At the time of signing the lease agreement with Indian Airlines in May 1983 for hiring two F-27 aircraft, it was anticipated that the utilisation rate of each aircraft would be 1000 hours per year. Although

2000 aircraft hours were available to the Coast Guard, it fixed the flying task at only 1800 hours per year. The actual utilisation of the aircraft, however, was much lower even after the reduction in the flying task from 2000 to 1800 hours as indicated below:

Year	Task for two aircraft at the rate of 75 hours per month per aircraft	Actual flying hours achieved	Shortfall in hours	percentage
1983 (June 1983 onwards)	1050	375.05	674.55	64.24
1984	1800	1185.10	614.50	34.14
1985	1800	1576.00	224.00	12.44
1986	1800	1266.30	533.30	29.63
1987	1800	1689.40	110.20	6.12
1988 (upto September 1988)	1350	1483.45	(+)133.45	(+) 9.89

The Coast Guard stated, in December 1988, that the flying task had been fixed low because of budgetary constraints and keeping in view the vintage of the aircraft. The shortfalls were also attributed to downtime and non-availability of aircraft during second line maintenance. The under-utilisation of the aircraft between 1983 and 1987 for which dry lease charges were paid to IA works out to Rs.43.04 lakhs.

Budgetary constraints as a valid reason for fixing a lower than optimal flying task has to be viewed in the background of availability of funds with the Coast Guard which almost always exceeded its capacity to spend. Further, the Coast Guard could not have been unaware of the vintage of the aircraft when signing the lease agreement in May 1983.

7.4 Dornier aircraft

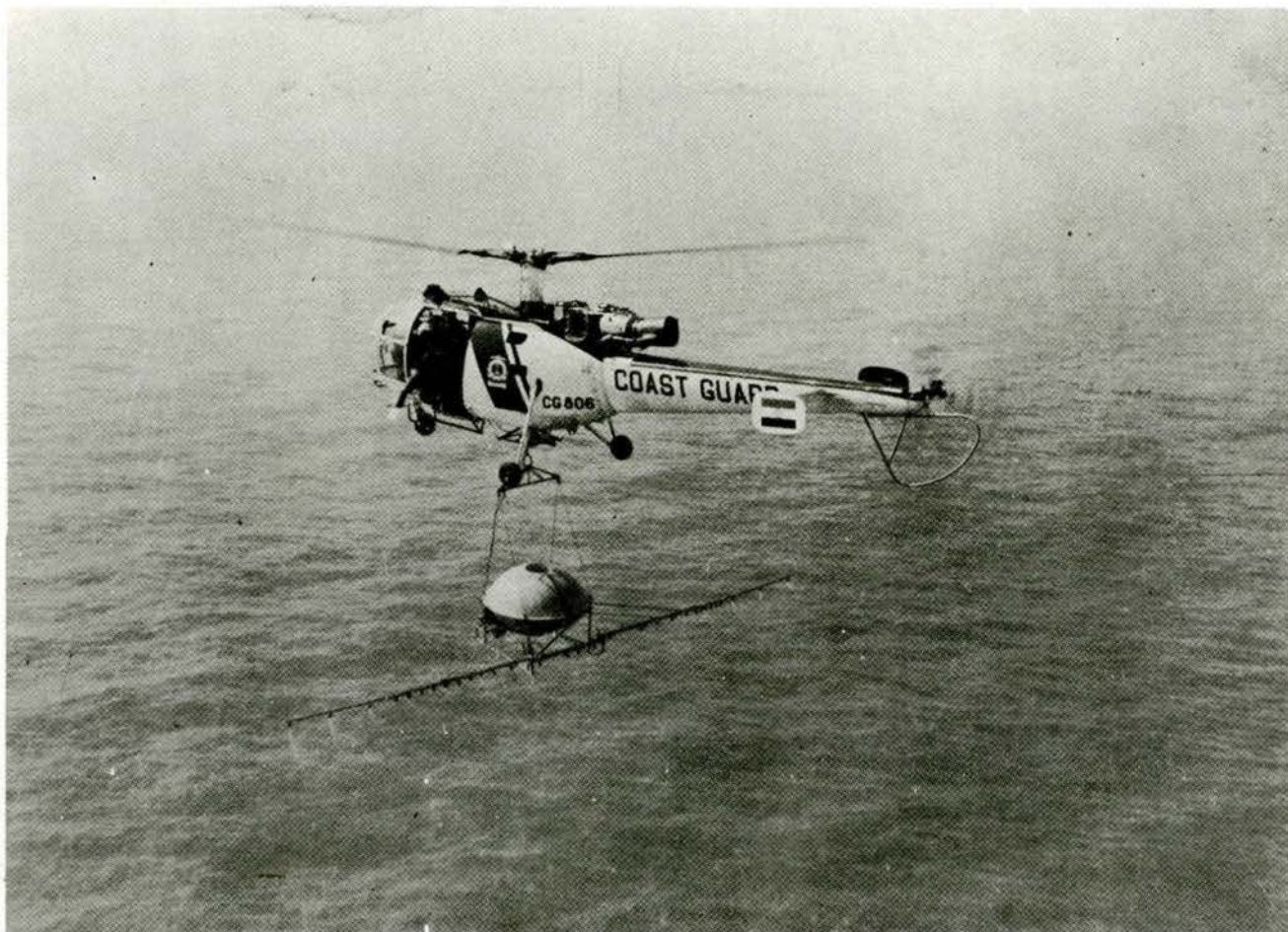
The Dornier aircraft were required to achieve a flying task of 600 hours per year. The performance of the three aircraft inducted between July 1986 and July 1987 was as under:-

Year	Task (in hours)	Actual flying achieved	Shortfall	
			in hours	percentage
1986	550	436	113.27	20.59
1987	1500	1257.01	242.59	16.17
1988 (upto October 1988)	1500	1087.26	412.34	27.48

The shortfall was attributed to downtime towards second line maintenance and deployment of aircraft for various trials



Recently acquired Dornier Aircraft on Maritime Patrol



A Coast Guard Helicopter spraying chemical dispersant to control oil pollution

and retromodification by M/s Dornier and Hindustan Aeronautics Limited. Since the flying task is fixed after taking into account the requisite hours for normal maintenance, it is evident that downtime for maintenance was excessive and is indicative of unsatisfactory serviceability.

7.5 Light helicopters

For embarkation on board the first three offshore patrol vessels, the development plan 1979-84 catered for the acquisition of three light helicopters though their requirement was not spelt out in the long term perspective plan. This additional requirement was justified by the Coast Guard for additional surveillance of a greater area from these vessels. The three helicopters were acquired from Hindustan Aeronautics Limited (HAL) in March 1982. Similarly, an helicopter for the fourth OPV was acquired in March 1985 and for the fifth and sixth OPVs in March 1986. There was a mismatch in the receipt of the helicopters and the delivery of the OPVs with the result the helicopters remained unutilised for a period ranging from 22 to 51 months as under:

Date of receipt of helicopters	Commissioning dates of each OPV	Period for which helicopters remained unutilised
March 1982	1 - 19th December 1983	22 months
March 1982	2 - 12th April 1985	38 months
March 1982	3 - 3rd May 1986	51 months
March 1985	4 - 7th February 1988	36 months
March 1986	5 - 15th December 1988	34 months
March 1986	6 - April 1989	38 months

Aerial surveillance to patrol the vast maritime area was inadequate to the above extent on account of the delayed availability of offshore patrol vessels.

8. Manpower and training

8.1 Manpower

The manpower requirement of the Coast Guard was sanctioned progressively by Government and positioned from time to time.

During 1987 and 1988 the posted strength of the sailors had exceeded the sanctioned strength by 77 and 256 respectively. This was unauthorised and irregular.

Despite having been in existence for more than a decade, the Coast Guard continues to depend largely on the Navy for its manpower requirements. The percentage of deputationists from the Navy to the posted strength had ranged from 35 to 81 in respect of officers, 23 to 82 in respect of sailors and 23 to 90 in respect of civilians in the last 10 years. The Coast Guard stated, in January 1989, that its direct intake of officers and sailors had been enhanced and it was expected that its dependence on the Navy would be reduced in the years to come.

8.2 Training

The Coast Guard is dependent on the Navy for the training of its personnel. The Estimates Committee, in its Seventy First Report, urged the necessity for an academy for training of Coast Guard personnel. Although the 1985-90 draft plan included a proposal for the setting up of an academy for the Coast Guard, a suitable station for the construction of an academy had not been selected till May 1989.

9. Other activities

Some of the other activities of the Coast Guard are discussed below.

9.1 Marine pollution control

The Coast Guard Act enjoins upon the Coast Guard to take such measures as are necessary to preserve and protect the maritime environment and to prevent and control marine pollution. Though the responsibility for prevention and control of marine pollution was transferred to the Department of Ocean Development (DOD) in May 1983, the Coast Guard was to provide necessary assistance. In order to combat pollution at sea, particularly from oil spills, an Apex Committee was constituted in August 1983. Thereafter, the Coast Guard had prepared and circulated a draft National Oil Spill Disaster Contingency Plan which is yet to be finalised (July 1989). The Ministry stated in July 1989 that the Contingency Plan needs to be updated by incorporating the local action contingency plans of the various port authorities, ONGC and other agencies involved in dealing with oil.

9.2 Anti poaching activities

During the period from 1978 to 1980, while the Coast Guard apprehended 20 foreign trawlers, the Navy apprehended 129 foreign trawlers who were found indulging in unauthorised fishing in our maritime zones. The trawlers were let off after administering a stern warning. A separate Act called the Maritime Zones of India (Regulation of fishing by foreign vessels), Act 1981 was brought in to force to check foreign trawlers from poaching in our waters. This Act provides for conviction, confiscation, imposition of penalties and imprisonment.

The Coast Guard apprehended 182 foreign trawlers between 1981 and 1988 (annual average of 23) and the Navy 11. The Navy, in fact, did not apprehend trawlers between 1984 and 1988. Of the 193 vessels apprehended, 43 were released after verbal

warnings. Legal action was initiated against the remaining 150. Of these 150 cases, 32 (30 original and 2 appeals) were pending as of January 1989. Of the 118 cases finalised, 47 vessels were released and 71 were either confiscated or convicted by trial courts.

Even after the Act was promulgated in 1981, legal proceedings continued to be a long drawn process resulting in the berthing of vessels for extended periods entailing payment of berthing charges by the Ministry of Food Processing Industries. The total berthing charges paid for these vessels upto May 1989 amounted to Rs.48.49 lakhs as indicated by the Coast Guard in July 1989. Ensuring speedy trials is essential keeping in view the fact that foreign vessels and nationals are involved and delay results in blocking of valuable berthing space apart from payment of berthing charges. The Ministry stated, in July 1989, that the question of amending the Act for ensuring speedy trials was under consideration.

9.3 Anti-smuggling operations

The Coast Guard is required to provide assistance to Customs in so far as seaborne smuggling is concerned. The primary responsibility for checking smuggling rests with the Customs. Though the Coast Guard was set up in 1978, arrangements for extending assistance to the Customs were made only in 1981 on a firm basis.

Between 1981 and 1988, the Coast Guard apprehended 61 vessels and seized valuables worth Rs 72.22 crores. The Coast Guard explained in July 1989 that its compliance rate in respect of requests for assistance from the Customs was 100 per cent except on those occasions when the Coast Guard was fully committed in supporting the armed forces in specified

operations. There were no means, however, to enable it to evaluate the quality of assistance rendered to the Customs.

The Customs Marine Organisation (CMO) was created in 1974 for preventing sea borne smuggling. In order to avoid duplication of effort and to achieve economy, the merger of the CMO with the Coast Guard was formally approved by Government in June 1980. Although it was to be brought into effect from April 1982, no merger took place owing to the filing of suits by certain employees of the CMO in various courts objecting to the merger. While this issue was pending in the courts, the Government issued orders in July 1985 for the permanent setting up of a CMO. Thus, the object of integrating and maintaining only one sea going organisation could not be achieved. There is need for rationalising the duties of both organisations so that investments in antismuggling operations could be optimised.

In anticipation of an early merger of the CMO with the Coast Guard, six interceptor craft imported by the Department of Revenue for evaluation, were taken over by the Coast Guard in late 1980. These craft are maintained and deployed on specific tasks by the Coast Guard. The performance of these boats, however, had not been satisfactory and a proposal was made shortly after their acquisition for modifications and improvements. No improvements had been carried out. The operational availability of these boats was also poor. Between January 1986 and October 1988, against a task of 340 sea days per craft, the shortfall ranged from 106 to 283 days i.e. between 44.17 and 83.24 per cent.

9.4 Assistance to Government departments and private bodies

The functions of the Coast Guard include assistance to various organisations,

private bodies, etc. at sea while in distress. During the period from 1981 to 1988, the Coast Guard rendered assistance to 75 ships belonging to Government departments and private bodies. In case of salvage operation recovery was made from one party towards the cost of such assistance. The Ministry stated, in July 1989, that the orders for the recovery of charges for assistance rendered, where such charges were to be levied, were being prepared by the Coast Guard.

10. Security of offshore installations

One of the functions of the Coast Guard is to ensure the safety and protection of offshore terminals, installations and structures. The Coast Guard worked out a requirement of six vessels exclusively for this purpose. However, the Coast Guard had not deployed a single offshore patrol vessel for the protection of offshore installations.

The security of offshore installations in the Bombay High area was reviewed by Government in January 1986 and a sanction was accorded for the procurement of ships, aircraft and equipment at a cost of Rs.160 crores (Rs.103 crores in FE). The operation and manning of these vessels and aircraft were given to the Navy.

11. Coast Guard Act

The Coast Guard was to frame rules under the Coast Guard Act for its effective functioning in close liaison with Union agencies, institutions and authorities to avoid duplication of effort. This has not been done so far although recommended by the Rajya Sabha Committee on Subordinate Legislation in its Fifty Seventh Report in December 1983 and again by the Estimates Committee in its Seventy First Report in March 1984. Based on the observations of the Estimates Committee, the Ministry

constituted in March 1986 a Coast Guard Advisory Committee to consider rationalisation of the charter of duties assigned to the Coast Guard with a view to

- ensuring optimum utilisation of available resources;
- eliminating multiplicity of agencies performing these functions and to achieve better accountability, and
- re-defining the role and jurisdiction (functional as well as geographical) of the Coast Guard vis-a-vis the Navy, Customs, Departments of Ocean Development and Environment and other Marine and paramilitary organisations.

The Advisory Committee submitted its report in September 1986. The rules required to be framed under the Coast Guard Act for ensuring the proper functioning of the organisation in close liaison with Union agencies, institutions and authorities to avoid duplication of responsibility and effort had, however, not been framed so far.

12. Materials management

12.1 Provisioning of spares

At the time of the formation of the Coast Guard, it was decided that the Navy will provide support facilities to the Coast Guard. Logistics and naval stores were to be procured by the Navy and supplied to the Coast Guard on payment. It was, however, envisaged that while the requirement of machinery and spares for the vessels transferred to the Coast Guard from the Navy would be met by the Navy, the Coast Guard should undertake procurement of machinery and equipment spares for all new acquisitions.

The Navy has a well defined provisioning directive for the provisioning of machinery and spares. No such procedure has been formulated by the Coast Guard even after ten years of its formation.

The Coast Guard stated in February 1989 that it has not been possible to start a regular provisioning system like the Navy due to an acute shortage of manpower. It, however, agreed to make efforts to commence a regular provisioning system from 1989-90 onwards within existing constraints.

12.2 Stock verification

The Coast Guard was required to follow well established Naval procedures for accounting of stores, stock verification etc. until the Coast Guard's own logistic code was evolved. The Naval stores accounting instructions stipulate that physical verification of all the items held by the depot should be carried out periodically and all discrepancies between ground balances and ledger balances should be investigated and regularised under the orders of the competent financial authority. However, the Coast Guard depot at Bombay established in 1981 has not carried out any physical verification of stock since its inception. The Coast Guard stated in January 1989 that orders will be issued for the stock verification and for the regularisation of non-verification of stock in the past.

12.3 Fuel efficiency

The scales of consumption of fuel by Coast Guard ships is yet to be fixed so that any excess consumption or wastage could be monitored. There is also no procedure for working out the annual requirement of fuel for the ships and aircraft. The Coast Guard stated in January 1989 that action to lay down instructions on scales

of fuel consumption was in hand and a general review would be carried out to ascertain any excess consumption.

12.4 Delay in disposal of decommissioned ships

Three ships decommissioned in November 1983, April 1986 and September 1988 were yet to be disposed of. The Coast Guard stated, in February 1989, that the disposal through the Metal Scrap Trading Corporation was in progress.

13 Construction of accommodation in Bombay

In August 1984 sanction was accorded to convert two acres of land from monthly tenancy to long term lease with effect from February 1984 on payment of a security deposit of Rs.1.02 lakhs and an annual lease rent of Rs.0.51 lakh to the Bombay Municipal Corporation (BMC) for construction of an office complex and single sailors accommodation for the Coast Guard. In March 1985, sanction for construction was accorded by the Coast Guard at a cost of Rs.45.38 lakhs. As the proposed construction was within 500 meters of the sea shore, the BMC, while granting permission for construction of buildings on the land, suggested that permission of the State Urban Development Department might be obtained. The construction was completed at a cost of Rs.65.10 lakhs and taken over by the Coast Guard in April 1988. External services like water, electricity and sewage connections could not be provided for want of approval from the BMC. Clearance from the State Government authorities was still awaited (May 1989). Thus, the assets created at a cost of Rs.65.10 lakhs are lying unutilised since April 1988 which could have been avoided had necessary clearance been expedited from the State authorities.

14. Summary

- There was evidence of poor forecasting and inadequate budgetary control. It was not possible to verify the actual expenditure incurred by the Coast Guard between 1984-85 and 1987-88 on account of the conflicting figures available with the Coast Guard, Ministry of Finance, Controller of Defence Accounts (Navy) and the Chief Controller of Accounts in the Central Board of Excise and Customs.

- The build up of force level by induction of aircraft and vessels is behind schedule since only 37 per cent of the planned force level (upto 1990) had been built up by April 1989. It was, therefore, not possible for the Coast Guard to keep the maritime and coastal area under surveillance.

- An excess expenditure of Rs.1.88 crores in the construction of offshore patrol vessels by Mazagon Docks Limited was still to be regularised. A sum of Rs.6.40 crores due from Mazagon Docks as liquidated damages was not claimed.

- Of the 13 inshore patrol vessels procured, or under construction, six were imported at a cost of Rs.22.06 crores. The remaining seven were ordered indigenously at a cost of Rs.54.46 crores including Rs.22.53 crores in foreign exchange. Thus, additionally a sum of Rs.26.89 crores was spent on the indigenous vessels and there had been slippages in delivery.

- Design parameters in respect of all the nine offshore patrol vessels either acquired or being acquired, costing Rs.211.27 crores, fall below desired operational needs.
- An option to make outright purchase of two F-27 aircraft which would have cost Rs.1.5 crores was not exercised as against Rs.4.32 crores paid by the Coast Guard as lease charges upto October 1988.
- Seaward defence boats operated by the Coast Guard had considerable speed limitations and their utilisation remained problematic. The twin engined boats functioned with only one engine for most of the period. This reduced the ability of the Coast Guard to attend to its assigned tasks.
- Both the availability and utilisation of ships and aircraft between 1981 and 1988 were inadequate.
- Light helicopters procured for use with offshore patrol vessels remained unutilised for periods ranging from 22 to 51 months on account of a mismatch between the receipt of helicopters and the delivery of the vessels on which they were to be embarked.
- During 1987 and 1988 there was an excess of sailors over the sanctioned strength. The Coast Guard continues to be dependent on the Navy for a large percentage of its manpower requirements even though it has had more than a decade to build up its own cadre.
- Although a proposal for setting up a Coast Guard academy was included in the 1985-90 plan, a station for locating the academy had not been identified.
- Although charged with the protection of offshore installations at Bombay High, the Coast Guard had not deployed a single vessel for this duty. For the security of Bombay High, Government sanctioned the procurement of ships, aircraft and equipment worth Rs.160 crores in January 1986 and entrusted the responsibility to the Navy.
- The Coast Guard deploys six interceptor craft. The shortfall in utilisation of these craft during the period January 1986 to October 1988 ranged between 44.17 and 83.24 per cent.
- No rules had been framed under the Coast Guard Act for purposes of close liaison with Union agencies, institutions and authorities to avoid duplication of effort although recommended by the Rajya Sabha Committee on Subordinate Legislation in December 1983 and by the Estimates Committee in March 1984.
- The Coast Guard does not have any procedure for provisioning of machinery and spares even after 10 years of its formation.
- The Coast Guard stores depot at Bombay had not carried out any

physical verification of stocks since its inception in 1981.

- Fuel consumption scales for ships and aircraft with the Coast Guard had not been prescribed so far.
- Three ships decommissioned in November 1983, April 1986 and

September 1988 were yet to be disposed of.

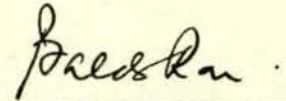
- An office complex and single sailors accommodation constructed in Bombay at a cost of Rs.65.10 lakhs had not been put to use for over 14 months.

NEW DELHI

Dated the 10 AUG 1989

NEW DELHI

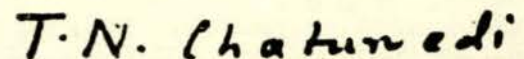
Dated the 10 AUG 1989



(BALDEV RAI)

Director of Audit, Air Force & Navy

Countersigned



(T.N. CHATURVEDI)

Comptroller and Auditor General of India

APPENDIX

(Refers to para 2)

The Committee are concerned to note that the Coast Guard Organisation set up in August, 1978 as an Armed Force of the Union is nowhere near fully discharging the statutory duties assigned to it by Parliament under the Coast Guard Act, 1978 and transforming itself as an effective instrument for undertaking maritime surveillance over country's 2.8 million Sq.Kilometres long coastline. The statutory duties include ensuring the safety and protection of artificial islands, offshore terminals, installations and other structures and devices in maritime zones, providing protection to fishermen, preservation and protection of maritime environment, assisting the customs and other authorities in anti-smuggling operations etc. The Committee desire that there should be time bound programme for development of this organisation on the lines envisaged in the legislation and it should be adhered to.

Section 14(3) of the Coast Guard Act 1978 stipulates that Coast Guard "shall perform its functions under this section in accordance with, and subject to such rules as may be prescribed and such rules may in particular, make provisions for ensuring that the Coast Guard functions in close liaison with Union Agencies, Institutions and authorities so as to avoid duplication of effort". No rules have however been framed under the Act for ensuring close liaison between the Coast Guard and other Union Agencies, institutions and authorities. The Secretary, Ministry of Defence tried to defend this failure by saying that Government had not felt the necessity of framing any rule under section 14(3) because the rules under other enactments namely Indian Customs Act, 1962, Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, Maritime Act, 1981, etc. were adequate to ensure coordination. The Committee are unable to share this view. They desire that an interdepartmental Committee be constituted to go into this question and evolve rules to bring about effective coordination without duplication of efforts. In this connection the Committee wish to draw attention to the 57th Report of the Rajya Sabha Committee on Subordinate Legislation presented on 22 December, 1983 wherein it has been inter-alia, observed that "The Ministry of Defence have all along been trying to minimise their statutory duty to frame rules under the Coast Guard Act, 1978 on flimsy grounds".

Under the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, India's territorial waters extend to 12 nautical miles and continental shelf Exclusive Economic Zone upto 200 nautical miles from the base line. When this Act was passed in 1976 it was envisaged that specific additional legislation on various aspects of jurisdiction would be enacted separately. Accordingly a Task Force on these legislative measures was set up by the Ministry of Defence in 1981. The Task Force favoured framing of exclusive legislation for this purpose. The Committee, however, find that even though a period of more than six years has elapsed since the original Act was passed necessary bills for (a) exploration of off shore areas for oil and natural gas and (b) exploration and exploitation of mineral resources in the maritime

zones have not been introduced in Parliament so far. The Committee have been informed that at their meeting held on 12 April, 1983, the Committee of Secretaries have expressed the view that for the present it might not be practical to have a single legislation to cover all aspects relating to sea and sea bed and that a better approach would be to strengthen and enlarge the existing legislation and to bring it in full conformity with the law of the sea as finally adopted by the United Nations. The Committee would like the Government to consider the matter early and bring forward appropriate legislative proposals.

The Committee find that though administrative and operational control of Coast Guard Organisation vest in the Ministry of Defence, the budget allocations in respect of this organisation are provided by the Department of Revenue in the Ministry of Finance. The committee were assured in evidence by the Secretary, Ministry of Defence that "in no year what has been scrutinised and approved by the Defence (Finance) has been turned down by the Finance Ministry". The Committee have basically no objection to this arrangement. They would, however, like the Government to ensure that this arrangement does not come in the way of operational effectiveness of the Coast Guard Organisation and that the financial accountability of the Organisation is not in any way compromised.

The Committee would also like Govt. to review the system of delegation of powers to and within the Coast Guard Organisation to facilitate quick decision being taken. The Committee find that in the year 1980-81, 1981-82 and 1982-83 as against the original budget estimate of Rs.1272.05 lakhs, Rs.2492.92 lakhs and Rs. 3991.43 lakhs and revised budget estimates of Rs.932.08 lakhs and Rs.3930.57 lakhs and Rs.3766.65 lakhs respectively, the actual expenditure of the Coast Guard had amounted to Rs.464.14 lakhs, Rs.1996.29 lakhs and Rs.2536.31 lakhs only representing underutilisation of funds to the extent of as much as 50 per cent in 1980-81 and 1981-82 and 33 percent in 1982-83. While the underutilisation of funds in 1980-81 has been attributed to delay in acquisition of an Aircraft, the shortfall in 1982-83 is stated to have been caused by slippages in the construction schedule of 3 offshore Patrol Vessels at the Mazagon Docks Ltd. The Committee thus find that funds are no constraint to the growth of the organisation but the implementation of Plans needs to be streamlined. The Committee trust that the system would be improved to avoid any further slippages. The committee would await the steps taken in this regard.

The committee find that when the Coast Guard was set up in August 1978, it had inherited 2 old Naval Frigates and 5 Patrol boats. A perspective Development Plan at an estimated cost of Rs.1500 crores had envisaged augmentation of the Coast Guard Organisation's fleet to the total force level of 121 Aircraft, helicopters and patrol vessels etc. by 2000 A.D. However, the Cabinet Committee on Political Affairs approved the plan for first 5 years (1979-84) entailing an outlay of Rs.100 crores and providing for acquisition of 6 Patrol vessels, 3 light helicopters and 9 Coastal Surveillance Aircrafts. Subsequently, Government also approved transfer of 5 Seaward Defence Boats, and acquisition of 8 Fast Interceptor Boats making up a total force level of 38. As against this, Coast Guard has by 1982-83 reached a force level of 23 by acquiring 3 Patrol vessels, 3 light helicopters, 2 Seaward Defence boats and 8 fast Interceptor Boats by August

1983 to its fleet. This means that in order to make up the shortfall in the acquisition programme, Coast Guard has still to acquire 3 Patrol Vessels, 9 Coastal Surveillance aircraft and 3 Sea-ward Defence Boats by the end of 1984. Thus even a modest plan for equipping the organisation has not been implemented properly. The Committee are concerned to note this and expect the organisation to be geared up to avoid shortfall in Plan targets in future. If the Coast Guard Organisation is to discharge all the duties assigned to it under the Coast Guard Act 1978 and become a first rate force for maritime surveillance, it must have at its command adequate fleet of ships and aircrafts backed by trained manpower of its own.

Development Plan (1979-84) had interalia provided for acquisition of 9 Coastal Surveillance aircrafts for the Coast Guard. A committee headed by Shri K.P.A. Menon, the then Defence Secretary, was constituted in 1980 for selection of a suitable aircraft for Coastal surveillance. It submitted its Report in July, 1981. Thereafter, the Price Negotiating Committee headed by Shri P.K. Kaul, Defence Secretary held discussions in 1982 with the manufacturers and recommended that contractual negotiations be taken up with M/s Dornier. This model has been approved in August, 1983. The Committee feel that the process of selection of a suitable aircraft for Coastal Surveillance has taken too long and hope that there will be no further delay in acquisition of the aircraft. They also desire that the procedure for selection should be rationalised in order to allow of speedy decisions

The Committee recall that the underlying objective setting up of a separate Coast Guard Organisation in 1978 was the fact that utilisation of sophisticated naval warships and trained manpower of the Navy for carrying Coast Guard duties on a continuous basis in peace time was not considered cost effective and thought likely to detract Navy from their operational role. The Committee are, however, constrained to find that despite having remained in existence for more than 5 year and recruiting 22 officers and 100 sailors each year since 1980, Coast Guard Organisation continuous to depend on Navy for its manpower requirements. In 1983, out of its staff strength of 172 officers, 1009 sailors and 194 civilians, as many as 99 officers (57.5 per cent) 697 sailors (69.0 per cent) and 145 Civilians (74.7 per cent) were on deputation from the Navy. Director-General Coast Guard pointed out in evidence that "if I take in too many sailors and officers at one go, the whole lot will have to be promoted at the same time". Secretary, Ministry of Defence revealed that as conditions of service of Coast Guard personnel are not at par with those of Navy, naval personnel were reluctant to serve the Coast Guard even on deputation especically when they can get more lucrative jobs in Merchant Navy. He indicated that Coast Guard's dependence on Navy for middle and higher management officers is expected to continue for another 10 years or so. The committee feel that officers and staff should acquire a stake in the organisation and develop not only a sense of belonging but also a pride of belonging in order to ensure the effectiveness of the organisation. It is therefore desirable that direct intake of officers and sailors into the Coast Guard is suitably raised so as to end its dependence on Navy in as short a time as possible. Simultaneously, the conditons of service laid down for service in the Coast Guard may be reviewed and suitably improved so as to attract the right type of personnel with the necessary expertise.

The Committee find that even for the training of its personnel the Coast Guard is dependent on the Navy. The committee were assured that the Ministry of Defence have already set up a committee of officers to go into the question of setting up a separate Academy for training of Coast Guard personnel but it will take 2 to 3 years time for the proposal to materialise. The Committee would urge that this question may be examined by the Committee of Secretaries with the urgency it deserves and an early decision taken in the matter.

The Committee recall that when fire broke out in "Sagar Vikas" in August, 1982, ONGC had to call out American Experts to put out the fire. Though one of the statutory duties of the Coast Guard Organisation was and continues to be to ensure the security of off shore terminals, installations and other structures and devices in our maritime zones, the organisation is still not in a position on its own to put out any major fire, should one break out. The Committee recommend that steps should be taken to attain self reliance in this field early. The security of our off shore installations is so vital that we cannot afford to allow the deficiency to persist any longer.

Yet another possible threat to our offshore installation, etc. can be large oil slicks. There have recently been reports of formation of a large oil slick in the Persian Gulf near the Iranian Coast posing a problem to nearby countries of Oman and Qatar. A representative of the Ministry of Agriculture assured the Committee in evidence that according to scientific studies conducted by the National Institute of Oceanography at Goa, the oil slick in Gulf is not likely to reach our waters and pose a threat to our fisheries. Department of Environment is stated to have already drawn up some contingency plans so that if at all the oil slick approaches India's western coast, the threat can be effectively met. The Committee trust that Coast Guard Organisation will continue to be vigilant and should be able to rise to the occasion to carry out the contingency plan if at all such a threat builds up.

The Committee find that during the period 1978 to 1980, while Coast Guard Ships were able to apprehend 20 foreign trawlers, Indian Navy apprehended 129 foreign trawlers who were found indulging in unauthorised fishing in our Maritime Zones. All of them were let off after administering a stern warning that fishing by foreign trawlers in India's maritime zones without the authority of government of India is prohibited under the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 read with section 14 of the Coast Guard Act 1978. It was only in 1981 that a separate Act called the Maritime Zones of India (Regulation of Fishing by Foreign Vessels) Act, 1981 was passed and brought into force on 2 November 1981 to check foreign trawlers from poaching in our waters. This Act had, for the first time, provided stringent punishments of conviction including mandatory confiscation of trawlers, imposition of penalties upto a maximum of Rs.15 lakhs and imprisonment upto a maximum of two years. This Act had a deterrent effect because during the subsequent period, January 1981 to September 1983, Coast Guard and Indian Navy together hauled up only 37 foreign trawlers.

The committee, however, regret to note that legislation to check unauthorised fishing in our maritime zones was made stringent in 1981, the legal proceedings, continue

to be long drawn out resulting in berthing of as many as 15 foreign vessels (out of 37 apprehended) for long periods entailing payments of substantial port charges by the Ministry of Agriculture. Of the total port charges of Rs.47.60 lakhs as much as 45.77 had to be paid for berthing of 7 foreign trawlers at Haldia alone. Ministry of Defence have intimated that the question of streamlining the legal procedure had been gone into by a Inter-Ministerial Group which has made a few suggestions like (1) restricting the number of places, where trials can be held (ii) holding of trials in Sessions Courts or High Courts instead of the Courts of Metropolitan Magistrates/Judicial Magistrates (iii) making the offences compoundable and conferring quasi-judicial powers on the Coast Guard as in the case of Customs (iv) authorising coast Guard to have its own fleet of Interceptors, etc. The Secretary, Ministry of Defence expressed the view that if besides the trial Magistrate, District Magistrates are also authorised to order release of apprehended vessels on payment of requisite security, it would help. The committee desire that suitable steps should be taken to promptly deal with the offences and bring about a real deterrent effect. The committee feel that if without offending the international law we could introduce summary trial of such offences, it would go a longway in minimising protracted legal proceedings. The Defence Secretary's reaction to this suggestion in evidence was that, "that is something which can be examined". The Committee recommend that besides taking other measures that may be conceived to get over the problem, the feasibility of introducing summary trial of such offences may also be examined by Government.

The Committee regret to note that though the Coast Guard Organisation was set up in 1978, arrangements for extending assistance to the Customs Department in anti-smuggling operations were laid down on firm basis only by 1981. The Korean Boats acquired by Customs Department and handed over to the Coast Guard in September 1980 were pressed into service as late as December 1980/April, 1981. From 1981 to the middle of 1983 i.e. in a period of 2 1/2 years, the Coast Guard have been able to apprehend 26 crafts and seized contraband of the value of Rs.2.2 crores only. A representative of the Coast Guard Organisation revealed in evidence that in 1982, the total value of the seizures of smuggled goods of the country as a whole amounted to Rs.60 crores and out of it, seizures made during anti-sea-borne smuggling operations worked out to Rs.35 crores. What was seized with the help of the Coast Guard in that year valued Rs.1.53 crores i.e. hardly 2 per cent. Even if the fact that out of 60 country boats and 18 Norwegian interceptor vessels engaged in anti-sea-borne smuggling operations in the country, Coast Guard has at its the disposal only 6 boats is taken into consideration, the achievement of this Organisation cannot, by any standard, be regarded as impressive. The Committee, therefore, recommend that the role of the Coast Guard in anti-smuggling operations may be redefined and the organisation vested with such powers as may be necessary to carry out its statutory duties in this field more effectively. The Coast Guard may also be provided with adequate number of interceptor boats and vessels, early.

In this context, it is comforting to note that when the proposed merger of Customs Marine Organisation with Coast Guard takes place, 12 Norwegian boats would come to Coast Guard. The Committee urge that this merger should be brought about without undue delay.

The Committee find that ever since its inception in 1978, Coast Guard Organisation has done little in the sphere of prevention and control of marine pollution-a duty cast on it by the Coast Guard Act of 1978. Prospects of progress in this sphere have, however, brightened up because the responsibility of marine pollution which was earlier entrusted to the Department of Environment in 1980 has been, on the recommendations of the Committee of Secretaries, transferred to the Department of Ocean Development in May, 1983. The Committee have been informed that the Coast Guard Headquarters are "inter-acting" with that Department to draw up contingency plans for this purpose. The Committee would like the respective roles of these two organisations being spelt out so that each knows precisely its sphere of responsibility in the matter of prevention and control of marine pollution.

While the Committee welcome the non-statutory duties and functions assumed by the Coast Guard Organisation, they trust that these would not detract the Coast Guard from their main statutory functions of keeping a vigil on our coastal border.

ERRATTA

Page	Column	Para/Line	For	Read
2		Table-Capital expenditure, against year 1981-82, under, 'Revised Estimate' under 'Excess/Savings' with reference to Revised Estimate' against year 1982-83, under 'Actuals'	2205.57	1725.00
		Under 'Excess/Savings'	528.14	47.57
			2049.22	2531.82
			1000.78	518.18
3		Table-Revenue expenditure against year 1981-82, under 'Revised Estimate' under 'Excess/Savings' against year 1982-83, under 'Actuals' under 'Excess/Savings'	1725.00	480.57
			1406.14	161.71
			487.69	584.26
			228.96	132.39
3	2	Para 4.2, 6th line below the table	Coast Guard	CDA(N)
4		Table against year 1984-85 under 'Actuals Published by Department of Revenue'.	5858.39	5658.39
	1	Sub para 1, against 1984-85	20.30	20.03
	1	Sub para 1, against 1987-88	426.12	106.57
	2	Para 5.2, last line from bottom	four	five
5	1	Para 5.2-Table, against 'Coastal Surveillance aircraft' under 'inducted so far'	3	4
		under 'Shortfall'	9	8
		against 'Off Shore Patrol Vessels (OPVs)' Under 'Inducted so far'	6	5
		under 'Shortfall'	6	7
		Below Table Add. Note-Excludes two F-27 aircraft taken on dry lease from Indian Airlines.		
9	1	Para 7.1, line 11 from bottom	4.77	23.85
10	1	Para 7.3, 17th line from bottom	'constraints'	'constraint'
13	1	Para 9.3, line 10 from bottom Delete sentence "The operational availability of these boats was also poor". Substitute the following. "The Ministry stated in August 1989 that it was decided not to carry out modifications with regard to the time and costs involved. However, it was seen that the operational availability of the boats was poor".		

