

**TWO HUNDRED AND SEVENTEEN
REPORT
PUBLIC ACCOUNTS COMMITTEE
(1983-84)**

(SEVENTH LOK SABHA)

**DEVELOPMENT OF A WEAPON SYSTEM AND
WRONGFUL APPROPRIATION OF PUBLIC REVENUES
TO NON-PUBLIC FUNDS**

(MINISTRY OF DEFENCE)



Presented in Lok Sabha on 24-4-1984

Laid in Rajya Sabha on 24-4-1984

LOK SABHA SECRETARIAT

NEW DELHI

April, 1984/Vaisakha, 1906 (Saka)

Price : Rs. 3.30

Corrigenda to 207th Report of the Public Accounts Committee (7th Lok Sabha).

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
2	1.4	•	However	however
4	1.9	8	unwidely	unwieldy
8	1.22	4-5	a lowed	allowed
10	1.28	1	efficiency	efficacy
20	1.54	2	bailed	build
20	1.55	3	personnal	personnel
20	1.56	11	inietially	initially
23	1.61	8	lift	life
23	1.63	4	aple	able
27	2.6	2	tracts or	tracts of
27	2.7	2	an 3,677	on 3,677
27	2.7	8	managers	managers)
28	2.10	1	port	part
34	2.26	1	replies	replied
34	2.27	2	represen-	represent-
			tatives	tative
39	2.46	4	release	lease
48	2.62	1	vegue	vogue
48	2.65	4	therefore	therefor
53		2	Conclulsion	Conclusions
53		3	Condusion	Conclusion
53		14	indigen ation	indigenisation
		(under column 4)		
54		14	representatine	representative
		(under column 4)		
54		21	equantry	country
64		17	Form 'J',	Form 'J'.
		(under column 4)		
66		7	therefore	therefor
		(under column 4)		
75		4	contonments	cantonments
		(under column 4)		
75		8	we	who
		(under column 4)		

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)
REPORT	
CHAPTER I Development of a Weapon System	1
CHAPTER II Wrongful Appropriation of Public Revenues to Non-Public Funds	25
*APPENDIX— Conclusions and Recommendations	53

(PART II**)

Minutes of Sitzings of the Committee Held On

17.1.1984 (FN)

2.4.1984 (AN)

4.2.1984 (AN)

12.4.1984 (AN)

PARLIAMENT LIBRARY

Central Govt. Publications

Acc. No. 100.....

DATE..... 25.7.89.....

* Not appended to the cyclostyled copy.

** Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

PUBLIC ACCOUNTS COMMITTEE
(1983-84)

CHAIRMAN

Shri Sunil Maitra

MEMBERS

Lok Sabha

2. Shri Chitta Basu
3. Smt. Vidyavati Chaturvedi
4. Shri C.T. Dhandapani
5. Shri G.L. Dogra
6. Shri Bhiku Ram Jain
7. Shri Satyanarayan Jatiya
8. Shri K. Lakkappa
9. Shri Mahavir Prasad
10. Shri Dhanik Lal Mandal
11. Shri Jamilur Rahman
12. Shri Uttam Rathod
13. Shri Harish Rawat
14. Shri G. Narsimha Reddy
15. Shri Ram Singh Yadav

Rajya Sabha

16. Dr. Sankata Prasad
17. Shri Syed Rahmat Ali
18. Smt. Pratibha Singh
- *19. Dr. (Smt.) Sathiavani Muthu
- *20. Dr. Harekrushna Mallick
21. Shri Nirmal Chatterjee
22. Shri Kalyan Roy

SECRETARIAT

1. Shri T.R. Krishnamachari—*Joint Secretary*
2. Shri H.S. Kohli—*Chief Financial Committee Officer*
3. Shri K.K. Sharma—*Senior Financial Committee Officer*

*Ceased to be members of the Committee consequent upon their retirement from Rajya Sabha w.e.f. 2.4.1984.

INTRODUCTION

1. I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Two Hundred and Seventh Report on paragraphs 5 and 44 of the Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Defence Services) on (1) Development of a weapon system and (2) wrongful appropriation of public revenues to non-public funds, respectively.

2. The Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Defence Services) was laid on the Table of the House on *15th April, 1983*.

3. The Committee's examination has revealed that the indigenisation project for weapon system 'A' on which an expenditure of Rs. 15.41 crores had been incurred upto 1981, was not utilised for establishment of production facilities and all activities on the project were closed in March, 1982. While the Committee have appreciated that establishment of technological base is a must for any research and development effort, they have desired the Ministry of Defence not to lose sight of the fact that the ultimate aim of all defence research and development effort is to attain production capability so that the country becomes self-reliant in vital defence equipment. The Committee have found that the country even today, after 10 years of research and development effort, has to import this weapon system as well as an improved system entailing heavy expenditure in foreign exchange.

4. The Committee have pointed out that in order to be successful the research and development programme has to remain ahead in the field of technological development so that by the time this system is actually developed, it may not also become obsolete. The Committee have therefore emphasised that the development of our Weapon systems should keep pace with the technological advancements in other countries and our R & D efforts have to be galvanised in this direction. The Committee have expressed the hope that the achievements made from this project would be fully and expeditiously utilised for the implementation of the contemplated integrated scheme for the production of Weapon system of latest and futuristic design in this very strategic and sophisticated field.

5. In order to provide an open and safe tract for practice firing by the Air Force, the Ministry of Defence accorded sanction in January, 1962 to the acquisition of 3627 acres of land in Ferozepur and Ludhiana Districts of Punjab at an estimated cost of Rs. 24.50 lakhs. Since the land was required urgently, it was requisitioned under the Defence of India Act, 1962 and the possession was handed over to the Air Force authorities in April, 1963. The Committee have expressed surprise that acquisition proceedings for the land took as many as 8 years to be completed. The result has been that the land was finally acquired at a cost of Rs. 1.45 crores in March and June, 1971, resulting in extra payment of about Rs. 1.20 crores. In addition to this escalation in cost, the Ministry had to incur another expenditure to the tune of Rs. 14.37 lakhs in the shape of the rental payments made to the ex-land owners till the date of acquisition. In the opinion of the Committee the matter was not dealt with the requisite urgency that it deserved. The Committee have expressed the hope that in the light of the sad experience in this case, Government would take necessary steps to streamline and revamp the procedure for completion of acquisition proceedings so as to avoid such inordinate and costly delays in future.

6. The Committee have also pointed out that the land is still being used for cultivation and the ex-land owners have been employed as Farm Managers. In the opinion of the Committee, this arrangement had to be resorted to by the Ministry of Defence under duress. The Committee have expressed their deep concern at this helpless state of affairs where Government have not been able to get their own land vacated.

7. In the opinion of the Committee with the modernisation of our Defence Forces, the requirement of land for defence purposes—both for training as well as for cantonments, etc. particularly in the border areas is bound to increase. However, there is growing reluctance on the part of affected people as well as concerned State Governments who have to respect local feelings to such acquisition, particularly if the concerned land is fertile or is located in populated areas. The Committee have felt that it is high time that the problem was examined in depth at a high level to lay down suitable guidelines so as to reconcile the defence needs with the interests of the local population in order to obviate delays and complications as have occurred in the present case.

8. The Committee (1983-84) examined paragraphs 5 and 44 at their sittings held on 17th January and 4th February, 1984, respectively. The Committee considered and finalised the Report at their sittings held on 2nd

April and 12th April, 1984. Minutes of the sittings form Part H* of the Report.

9. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

10. The Committee would like to express their thanks to the officers of the Ministry of Defence and the Department of Defence Research and Development for the cooperation extended to them in giving information to the Committee.

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

SUNIL MAITRA,
Chairman,
Public Accounts Committee.

NEW DELHI ;
April 23, 1984

3 Vaisakha 3, 1906 (S)

*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

REPORT

CHAPTER I

DEVELOPMENT OF A WEAPON SYSTEM

Audit Paragraph

1.1 A proposal was made by the Defence Research and Development Organisation (DRDO) in October 1971 for indigenous development of a weapon system 'A' (already in use with the Air Force Since 1965) on a 1 : 1 basis *i.e.* without effecting any improvements in its performance. This was intended to enable the DRDO to acquire detailed knowledge of all the design parameters of a proven weapon system and to build up necessary research and development base as well as the production base in the field of these weapon systems with a view to reducing dependence on imports. The development was expected to take about 7 to 8 years and the establishment of full production 2 more years thereafter. While the replacement requirements of this weapon system were estimated at 462 numbers, the anticipated requirement for future expansion was 432 numbers. The development project for indigenisation was sanctioned by the Ministry of Defence in February 1972 at a cost of Rs. 16 crores [including foreign exchange (FE) of Rs. 4 crores] and a sum of Rs. 4.56 crores was released for expenditure in the first 3 years of the project. Additional funds were released between November 1975 and September 1978, totalling in all Rs. 15.90 crores.

1.2 The indigenisation project was identified for development under different sub-systems which were assigned to 6 defence research establishment/laboratories with an appropriate allocation of funds. Defence Research and Development Laboratory (DRDL), one of the six referred to above, was entrusted with the development of majority of sub-systems and was also made responsible for systems integration and carrying out proving trials. In May 1972, Gas Turbine Research Establishment (GTRE), was also associated with this project on the parallel development of a sub-system 'C' for which a sum of Rs. 25 lakhs was apportioned out of the funds released for the project. A Steering Committee was formed in July 1973 to monitor the progress on the project.

1.3 Soon after the commencement of the indigenisation project, the Air Force chose weapon system 'B' which had a range of operation that

effectively met the changed operational needs of the times and for which weapon system 'A' was not considered advantageous. During the meeting of the Steering Committee held in October 1973, the representative of the Air Force stated that the Air Force did not have any significant requirement for additional quantities of either weapon system 'A' or its ground complex after 1980 and hence it might be necessary to re-direct research and development effort towards indigenisation of weapon system 'B' (being acquired) rather than to continue indigenisation of weapon system 'A'. However, keeping in view the commonality of the sub-assemblies and hardware between the two weapon systems, and that the 'fall out' of the development of weapon system 'A' would logically build up the infrastructure for indigenisation of weapon system 'B', the Steering Committee decided to continue the programme of indigenisation of weapon system 'A' as planned. Weapon system 'B' was imported at a total cost of Rs. 37.30 crores under a contract concluded with a foreign Government in November 1973.

1.4 During the meeting of the Steering Committee held in January 1974, the representative of the Air Force stated that weapon system 'A' was becoming obsolescent very fast and their requirement for this weapon system would be 144 for the years 1974-79 ; there would be no further requirement thereafter. The representative of the DRDO, However, felt that the development programme of weapon system 'A' should continue in order to establish the infrastructure and the required competence to undertake the development of successor and futuristic weapon systems. In addition, the Defence Electronics Research Laboratory (DLRL) suggested that the range of operation of weapon system 'A' should be improved by incorporation of sub-system 'D' which could be developed by them. The representative of the Air Force, however, stated that the development of sub-system 'D' should not be linked with any guarantee of purchase. It was, therefore, decided by the Steering Committee that :

the programme of development of weapon system 'A' would continue and the fabrication of 50 prototypes of weapon system 'A' be planned by DRDL for test and evaluation ; and

the work on ground equipment of weapon system 'A' was to be confined to sub-system 'D' and to the areas of technology common to both weapon systems 'A' and 'B'.

1.5 A Review Committee was constituted in December 1974 to review the progress on the project and to recommend whether further development work could be continued to complete the project and also to review the build-up of infrastructure and facilities in DRDO. The Review Committee in its report submitted in March 1975 stated that the project had made adequate progress to warrant further 'go-ahead' and recommended further release of

funds to bring it to a successful completion. The report of the Review Committee was considered by the Steering Committee in the meeting held in June 1975. In this meeting the representative of the Air Force pointed out that they had a maximum requirement of 116 numbers of weapon system 'A' to be delivered by 1980-82, which would be reduced to 39, if delivery would take place in 1982. The Steering Committee, therefore, decided that work on the development of weapon system 'A' during the next year would be limited to the fabrication of 10 sets of the sub-systems and a revised proposal incorporating the switch-over of the development programme of weapon system 'A' to weapon system 'B' be prepared for obtaining Government approval. However, all work on development of ground system of weapon system 'A' was to be closed down except on sub-system 'D' (in progress) and ground electronic equipment which would be treated as a competence-building project. The expenditure on development of the ground equipment so foreclosed amounted to Rs. 60.95 lakhs as on 31st March, 1982.

1.6 In June 1976, the Steering Committee constituted a study group to study the problems connected with the limited production of weapon system 'A' and the requirements of associated ground equipment. The study group *inter alia* expressed the view that production of 166 numbers of weapon system 'A' was feasible with a slight change in the delivery schedule and 50 numbers would be required for flight trials. Additional funds required for further development work were estimated at Rs. 12.58 crores (FE. Rs. 1.21 crores).

1.7 In January 1977, the Air Headquarters (Air HQ) took a decision to continue weapon system 'A' up to 1990 and indicated their requirements of weapon system 'A' as 230 numbers to be supplied during 1981-85 and also suggested extension of life of the existing weapon system 'A' to 15 or 20 years. It was added that if the life could not be extended beyond 15 years, 111 numbers of such weapon system would have to be imported before 1980.

1.8 Between 1972 and 1977, models of some of the sub-systems had been fabricated and had undergone extensive ground testing and evaluation. These sub-systems had also been flight-tested on the existing imported weapon system 'A'. The GTRE engaged on parallel development of sub-system 'C' also completed its fabrication in October 1973 and had carried out static trials. But development of this sub-system was foreclosed in 1976 after incurring an expenditure of Rs. 19.06 lakhs (including FE of Rs. 6.30 lakhs) as the DRDL had by then developed this sub-system at a cost of Rs. 7.15 lakhs and flight-tested the same. Trials were also carried out on sub-system 'D' and the Steering Committee authorised (March 1977) an expenditure of Rs. 9.75 lakhs (FE : Rs. 6.25 lakhs) to complete the project. The total

expenditure incurred on the development of sub-system 'D' amounted to Rs. 6.75 lakhs (FE : Rs. 4.41 lakhs).

1.9 While the development of weapon system 'A' and its flight trials were in progress, the Air HQ made a reappraisal of their requirements (February and May 1979) and stated that :

weapon system 'A' would not meet the operational requirements of 1990s ;

compared to weapon system 'B', weapon system 'A' was technologically an obsolete system, using technology of 1950s and was a very unwieldy system with lesser mobility ;

the Air Force was committed to a large force of weapon system 'B' which would be in operational service for a long time to come ; and

Cost of indigenous production of weapon system 'A' was more than 1½ times the imported cost of weapon system 'B'.

1.10 In view of the above considerations, the Air HQ suggested (May 1979) that weapon system 'A' should be phased out after its life expiry and replaced by a futuristic weapon system. The question of extending the life of weapon system 'A' by 5 to 7 years was considered (May 1979) by the Steering Committee and it was decided that its life be extended either with the assistance of a foreign country or by indigenous efforts thus keeping it operational till 1989. The life extension programme was undertaken by the Air Force with the assistance of a foreign country and completed at a cost of about Rs. 25 lakhs.

1.11 In July 1981, the Steering Committee decided to bring to close all the activities on the indigenisation project by March 1982 after completing all documentation and competence build-up being carried out under this project.

1.12 An expenditure of Rs. 15.41 crores (FE : Rs. 4.59 crores) was incurred up to June 1981 on the indigenisation project against the sanctioned amount of Rs. 16 crores. In the meantime the establishment sanctioned for the project to the DRDL was being continued up to 31st March 1983 involving monthly expenditure of Rs. 16,868.

1.13 The Ministry of Defence stated (September 1982) that production of weapon system 'A' was not undertaken due to change in the requirement of Air Force for strategic reasons.

1.14 Summing up—The following are the main points that emerge :

The indigenisation project for development of weapon system 'A' sanctioned in February 1972 at a cost of Rs. 16 crores was conti-

nued till June 1981, even though the Air Force had pointed out as early as October 1973 that they did not have any significant requirement for additional quantities of this system or its ground complex after 1980 and had also contracted for import of weapon system 'B' in November 1983.

The indigenisation project for weapon system 'A', on which an expenditure of Rs. 15.41 crores had been incurred (up to June 1981) did not culminate in establishing production facilities.

The programme of weapon system 'A' was allowed to be continued with the object of providing infrastructure for the development of weapon system 'B'. This objective too was not achieved as weapon system 'B' was also not developed/productionised.

[Paragraph 5 of the Report of the Comptroller and Auditor General of India for the year 1981-82 Union Government (Defence Services)]

Development of a Weapon System

1.15 The Committee desired to know the precise reasons for going in for the development of weapon system 'A' and when the suggestion for its development was actually made by DRDO. In written reply, the Department of Defence Research and Development have informed the Committee as follows :

“There were two important reasons for going in for development of weapon system 'A', namely establishment of competence/infrastructure in the development of such Weapons in general... and meeting the requirements of the Air Force. However, it was recognised, while initiating the project, that the main objective was the development of infrastructure/competence and the secondary benefit, although an important one, would be the establishment of production of Weapon 'A' for Air Force.

The CCPA paper for the project for development of weapon system 'A' was submitted on 26th October, 1971.”

1.16 The objectives of the programme for the development of Weapon System 'A' were further elaborated by the Secretary, Department of Defence Research and Development during evidence as follows :

“This programme was initiated in February 1972 and it was closed in March 1982 after incurring an expenditure of Rs. 14 crores. The paper which was originally submitted for the sanction of this programme had three broad-based objectives in mind. First, it was

indigenisation of an existing weapon so that we could increase the stockpile because the life of the weapon is short. The second was to improve the number of squadrons as well as the number of weapons so that we could, in the next Defence Plan, increase the number of weapon squadrons. Number three, which I would like to emphasize here, was the necessity to develop technological know how for the development and production of futuristic weapons. We had submitted in the paper that this foundation could be laid through only learning to indigenise an existing weapon.

While trying to indigenise an existing weapon we had at that time one option available and that option, I will refer to as Weapon System 'A'. Weapon System 'A' was already in the Indian Services..."

We know what the weapon looked like, what it was, what are the things it can do. In a sense, a known devil was better than an unknown devil".

1.17 He further stated :

"One of the objects, as I said, was to take the country into the threshold of technological capability in this weapon. I may submit that when we talked about that in 1971-72, there was practically no capability in the country in development of such a weapon and our objective, to a great extent, has been fulfilled as can be seen by this facility that has been set up at the Defence Research and Development laboratory at Hyderabad".

1.18 Elaborating further, the Secretary, Department of Defence Research and Development stated as follows :

"Now, we are streamlining the production facilities. We are investing on the fabrication facilities. Approximately an investment of Rs. 390 crores is being made and we are conscious of the responsibility and proud of the privilege that the country trusts us to go into this sophisticated system..... We have developed the technology within Rs. 14 crores. Science and technology is a delicate plant. It needs water. It has to be nurtured patiently. It needs proper care and consideration. 10 years back we were nowhere in this field. But today we have achieved technology about which we are proud of."

1.19 In this connection, the Deputy Chief of Air staff informed the Committee as follows :

"In 1972, as has been mentioned by the Secretary, the weapon had a life of certain period and this life was due to expire at a particular

point of time and those weapons would have had to be replaced because of this. There was need in respect of this type of weapons, because we wanted to secure the air environment against threat at any altitude. Systems may be optimised for different sorts of envelope and because of this particular reason for replacing of type-A it was worth our while to undertake this design and development activity ourselves, because in due course these weapons could be changed with certain better characteristics of weapons”.

1.20 The Committee enquired if it was correct to sanction the indigenisation project involving an expenditure of Rs. 16 crores when the weapon system undertaken for development was based on technology of 1950's. In reply, the Department of Defence Research and Development have stated in a note as follows :

“It would not be correct to say that a proposal for development of weapon system ‘A on 1 : 1 basis was made on the understanding that technology of each and every component and sub-system of weapon system ‘A’ was to be adopted. In fact, it was envisaged that those of the sub-systems and components which were of outdated technology (1950's technology) e.g. electronic valves etc. would be replaced by the latest, state-of-the art components such as solid state devices. This was accomplished. Further, the fact that weapon system ‘A’ was developed in the 1950's does not mean that all components and sub-systems were of out dated technology. A number of technologies which find application in weapon system ‘A’ represent the state-of-the-art even today. These technologies, too, have been successfully developed and established in the country through the process of indigenisation of weapon system ‘A’. To sum up, the concept of indigenisation of weapon system ‘A’ “on 1 : 1 basis” meant only that the indigenous weapon system as a whole would, in terms of compet-ability with the existing ground systems etc. (some of which were not to be developed), be a substitute for the imported weapon system and in performance, be at least as good as, if not better than, the imported weapon system. Since building of competence and setting up of infrastructure for development of this type of weapon systems was one of the major objectives of this project, the indigenisation of a proven weapon system available with our Air Force at that time, namely, weapon system ‘A’, was regarded as the best method of achieving this objective”.

1.21 A Steering Committee with Secretary, Department of Defence Production as Chairman and representatives from Ministry of Defence,

Department of Defence Production, Air Headquarters and DRDO was formed in July 1973 to monitor the progress on the project.

1.22 Though the users (viz. Air Force) had indicated as early as October 1973 (expenditure incurred on the project by that time was Rs. 1.97 crores) that they did not have any significant requirement for additional quantities of weapons system 'A' or its ground equipment after 1980, the project was allowed to be continued till July 1981 (expenditure incurred upto that period was Rs. 15.41 crores). The Committee desired to know the level at which the decision was taken to continue the project in October 1973 and on what grounds. In a note, the Department of Defence Research and Development have intimated the Committee as follows :

"The decision to continue the project was taken by the Steering Committee which was chaired by Secretary, Defence Production. The members of the Steering Committee were, amongst others, the Vice-Chief of Air staff, the Chief Controller Research and Development Additional Financial Adviser, Joint Secretary (Air) etc. This high level Committee had been constituted by the Government in accordance with the proposal approved by the CCPA and had been authorised to take the decision regarding the continuance or otherwise of the project.

The grounds of which this decision was taken are as follows :

One of the prime objective of this project was to generate competence and build up infrastructure in the technologies involved in the indigenous development of this type of weapon systems. Since no technology inputs in this field were available from other advanced countries, it was envisaged at the project proposal stage itself, *i.e.* in 1971 that the best way, and perhaps the only way, to achieve this objective was to develop an indigenous substitute of a proven weapon system of the class. Even in October 1973, the position was the same, *i.e.* indigenisation of weapon system 'A' was found to be the best option for achieving this objective.

However, the work on the development of ground system was modified in view of the change in the requirement of the "Air Force".

1.23 The Committee enquired whether it would not have been better to foreclose the project in October 1973 itself. In a note the Department of Defence Research and Development have stated as follows:

"As stated, the most important objective was to establish competence/infrastructure. Had the project not been brought to completion this objective would have been defeated and there would have been a serious set-back.

Only because of the continuation of development activities under project for Weapon 'A' to a meaningful conclusion, our country could embark on the Development Programme under which a number of weapon systems are now being developed to meet the requirements of Services".

1.24 To a query if the amount spent on the project could not have been utilised for more useful purpose, the Ministry have replied:

"No. Very useful purpose has been served by utilising the amount for the intended purpose".

Introduction of Weapon System 'B'

1.25 According to the Audit Paragraph, soon after the commencement of the indigenisation project, the Air Force chose weapon system 'B' which had a range of operation that effectively met the changed operational needs of the times and for which weapon system 'A' was not considered advantageous. During the meeting of the Steering Committee held in October 1973, the representative of the Air Force stated that the Air Force did not have any significant requirement for additional quantities of either weapon system 'A' or its ground complex after 1980 and hence it might be necessary to re-direct research and development effort towards indigenisation of weapon system 'B' (being acquired) rather than to continue indigenisation of weapon system 'A'. However, keeping in view the commonality of the sub-assemblies and hard-ware between the two weapon systems, and that the 'fall out' of the development of weapon system 'A' would logically build up the infrastructure for indigenisation of weapon system 'B', the Steering Committee decided to continue the programme of indigenisation of weapon system 'A' as planned. Weapon system 'B' was imported at a total cost of Rs. 37.30 crores under a contract concluded with a foreign Government in November 1973.

1.26 The Committee desired to know as to when the proposal for choosing/acquiring weapon system 'B' was originally initiated by the Air Force. The Department of Defence Research and Development have stated as follows :

"The decision to induct system 'B' was taken in 1973. A contract was signed with a foreign Government on 15 November 73. Both systems are necessary to cover protection from low to high level threat. Acquisition of weapon system 'B' was necessary due to significant change in threat perception by Air Force."

1.27 The Committee further asked as to when the development of system 'A' was exactly taken in hand and also when the facts about the

development of system 'B' had come to the knowledge of the concerned authorities and why it was not then deemed necessary to switch over to the development of System 'B'. In reply, the Department of Defence Research and Development have stated in a note as follows :

“The decision to induct system 'B' was taken in 1973, and a contract was signed in November 1973. The induction of System 'B' into our Air Force commenced in late 1974. As stated, the suggestion by the Air Force rep. that R&D efforts should be switched from development of Weapon 'A' to Weapon 'B' was considered by the Steering Committee during 1973-75. However, after consideration of all facts it was concluded by the Steering Committee that the objectives of the project would be best served by continuing the development of Weapon 'A' ”.

1.28 The Committee desired to know the efficiency of continuing the project for indigenous development of Weapon System 'A' after 1973, when it had been then decided to induct system 'B' and contract for the import of this system was also signed with a foreign Government on 15 November 1973. The Department of Defence Research and Development have intimated as follows :

“The Steering Committee examined the efficacy of continuing the project and, after consideration of all factors, duly concluded that the main objective of the project could be best served by continuing the project to its logical conclusion”.

1.29 The Committee enquired whether any action was or is being taken in regard to indigenisation of weapon system 'B' or any futuristic weapon system (s). The Department of Defence Research and Development stated as follows :

“The fall-outs and benefits of continuation and completion of project for development of weapon system 'A' have been many and far-reaching. As stated, one of the prime objectives was to generate competence and build up infrastructure in the technologies involved in the development and production of weapon system of this kind in general and of this class in particular. This objective has been achieved”.

As far as weapon system 'B' is concerned there was no concrete proposal to indigenise this weapon system as such, although, the matter had been discussed from time to time and a feasibility report had been prepared. The project on development of weapon system 'B' was not undertaken because these weapon systems based on technology of late 50s would become obsolescent

by the time development and production was completed. Taking all factors into consideration and full advantage of the base and infrastructure set up as a result of development work on weapon system 'A' an integrated Weapon System development programme for futuristic weapon systems required by the three Services having state-of-the art technology, was put up to CCPA. The programme has been approved by CCPA. These weapon systems would meet the requirement of the Services during 1990s and beyond".

1.30 The Committee asked whether the proposal for continuing development project after October, 1973 when the Air Force had indicated that they did not have any significant requirement for additional quantities of Weapon System 'A', was submitted to the appropriate authority of Government and decision taken by that authority on this proposal. The Department of Defence Research and Development have stated as follows :

"In accordance with the PAC paper approved by the Political Committee of the Cabinet, the high level Steering Committee was responsible for monitoring the Project. The Steering Committee itself was empowered to take a decision regarding the continuance or otherwise of the project. In view of this, the decisions of the Steering Committee were not submitted to any other authority of the Government".

1.31 According to the Department of Defence Research and Development both systems are necessary to cover protection from low to high level threat. The Committee, therefore, desired to know as to how the above statement was to be reconciled with the fact that the Air Force had even in October 1973, stated that they did not have any significant requirement of Weapon System 'A' after 1980. The Department of Defence Research and Development have stated as follows :

"System 'B' covers 60% of the envelope provided by System 'A'. However, no manned aircraft threat was envisaged by Air Force above the height ceiling of system 'B' in the operational scenario obtaining in 1973. Subsequent to 1973, it was recognised that a weapon system in service posed a threat to an enemy within the envelope of its capability. It was therefore, decided to use it till its full life".

1.32 Elaborating the position about increasing the life span of Weapon system 'A', the Deputy Chief of Air Staff informed the Committee during evidence as follows :

"But certain modification have taken place. The existing weapons are now being modified in consultation with the manufacturers and the life of this weapon has been increased to 20 years."

1.33 Asked as to when was system 'B' first introduced, the Deputy Chief of Air Staff stated "In 1973-74."

1.34 When asked why the development programme was not switched over to system 'B' in 1973-74, the Secretary Department of Defence Research and Development stated :

"I am sorry. If I had switched to System 'B' I would have been 10 years behind."

1.35 The Committee enquired about the reasons for not taking in hand the production of weapon system 'B' on attaining the capability for manufacture of system 'A' and also because of commonality between systems 'A' and 'B'. In reply, the Secretary, Department of Defence Research and Development stated as follows :

"Having built the technology for system 'A', I have crossed over system 'B' long before. The technology for system 'B' was also developed in the country of origin in 1950's. Having developed the technological capability in system 'A', I am ready not only for system 'B' but for system 'X' futuristic."

1.36 He further stated :

"We started the project in 1972 and procurement of 'B' model appeared on the Indian scene from 1974. We had not known that system 'B' existed except through the journals. In 1973 we had two options, one was to abandon programme A and go in for programme B. Second was that having got technology A, we should see what is the maximum we can get out of that technology. We realised that we could get much more out of technology A than technology B."

1.37 The Committee desired to know whether there was any proposal for further imports of system 'B' in future and also whether there was any proposal to initiate the production of weapon system 'B' in the country. The Department of Defence Research and Development stated as follows :

"There is a proposal to import six squadrons of weapon systems similar to type 'B' during 1985-90. The same has been projected in the Air Force Plan."

1.38 A Review Committee (headed by the Director, Vikram Sarabhai Space Centre, Trivendrum with specialists in different fields nominated by DRDO) was constituted in December 1974 to review the progress on the project and to recommend whether further development work could be continued to complete the project and also to review the build-up of infrastructure and ilities in DRDO. The Review Committee in its report submitted in March

1975 stated that the project had made adequate progress to warrant further 'go-ahead' and recommended further release of funds to bring it to a successful completion. The Report of the Review Committee was considered by the Steering Committee in the meeting held in June 1975. In this meeting the representative of the Air Force pointed out that they had a maximum requirement of 116 numbers of weapon system 'A' to be delivered by 1980-82, which would be reduced to 39, if delivery would take place in 1982. The Steering Committee, therefore, decided that work on the development of weapon system 'A' during the next year would be limited to the fabrication of 10 sets of the sub-systems and a revised proposal incorporating the switch over of the development programme of weapon system 'A' to weapon system 'B' be prepared for obtaining Government approval. However, all work on development of ground system of weapon system 'A' was to be closed down except on sub-system 'D' (in progress) and ground electronic equipment which would be treated as a competence-building project. The expenditure on development of the ground equipment so foreclosed amounted to Rs. 60.95 lakhs as on 31st March 1982.

1.39 In June 1976, the Steering Committee constituted a study group to study the problems connected with the limited production of weapon system 'A' and the requirements of associated ground equipment. The study group *inter alia* expressed the view that production of 116 numbers of weapon system 'A' was feasible with a slight change in the delivery schedule and 50 numbers would be required for flight trials. Additional funds required for further development work were estimated at Rs. 12.58 crores (FE : Rs. 1.21 crores).

1.40 The Committee desired to know as to how initially the Steering Committee had recommended in 1975 to switch over to technology 'B'. The Secretary, Department of Defence Research and Development stated as follows :

"The Steering Committee recommended in 1975 that since the other countries had started using weapon B so we should adopt technology B also. This happened in 1975. In 1975 if we had established a bit of basic infrastructure, recruited the people through UPSC which takes about a year as you all know and then made the other necessary arrangements, etc., all this would have taken minimum three years and by the time the development would have become obsolescent."

1.41 Elaborating on the difference of opinion existing between the Air Headquarters and the DRDO, the Secretary, Department of Defence Research and Development stated as follows :

I am sorry, there has been no difference of opinion. I would submit that as we went on with the development, there was an irresistible urge to match the development with a particular, requirement. System A was considered at a particular time. It is not relevant when the Steering Committee suggested that we should go in for system 'B'. You would agree that as we were in the beginning stage of the technology, we went on to complete a particular task."

1.42 In January 1977 the Air Headquarters took a decision to continue Weapon System 'A' upto 1990 and indicated their requirements of Weapon System 'A' as 230 numbers to be supplied during 1981-85 and also suggested extension of life of the existing Weapon System 'A' to 15 or 20 years. It was added that if the life could not be extended beyond 15 years, 111 numbers of such Weapon System would have to be imported before 1980. The Committee desired to know :

- (i) the reasons for proposing to extend the life of the existing Weapon System 'A'.
- (ii) action taken to extend the life of the existing Weapon System.
- (iii) The additional numbers, if any, (with cost) of Weapon System 'A' that were imported and the reasons due to which this import was considered necessary when the DRDO had developed at a cost of Rs. 15.41 crores sufficient infrastructure to develop Weapon System 'A'.

1.43 The Department of Defence Research and Development have stated as follows :

- “(i) The main reasons for suggesting an extension of life for system 'A' was to avail the maximum life that could be extracted out of the system, in view of the fact that a weapon system in service posed a threat to an enemy within the envelope of its capability. With a life of only 10 years as initially given by the Suppliers, the holding of the particular weapon in 1976-81 period would have come down to an unacceptably low figure. Therefore, by extending the life we could maintain our inventory to an acceptable level thereby minimising the quantum required for sustenance of units.
- (ii) To extend the life of the weapon, initially a study was carried out for the Air Force by DRDO. Later a team consisting of the Supplier Country and Indian Experts had gone into the total inspection of the weapon in 1980 and recommended an extension of life to 15 years.

- (iii) A contract for import of 75 additional numbers only and not total system 'A' was signed on 14th September 1978 at a total cost of approximately Rs. 550 lakhs.
- (iv) This import was necessary to sustain the UE during the period 1978-80 as the first lot of production of indigenous weapons was anticipated only from 1981 onwards."

1.44 The Committee pointed out that in January 1977, the Air Headquarters had taken a decision to continue Weapon System 'A' upto 1990, whereas in May 1979, the Air Headquarters had stated that this system would not meet the operational requirements of 1990s. The Committee desired to know the specific reasons for this change in decision so soon within a period of 2 years. The Department of Defence Research and Development have stated as follows :

"Air HQrs had taken a decision to continue with system 'A' upto 1990 because life extension upto 20 years for this system was anticipated. In terms of preference, the Air Force as far back as 1973, had indicated a choice for System 'B'. In 1979 only this fact was reiterated."

1.45 Some of the reasons due to which Air Headquarters did not favour in May 1979, the indigenous development of Weapon System 'A' were :

- (i) This system was technologically an obsolete system using technology of 1950s and was a very unwieldy system with lesser mobility.
- (ii) The Air Force was committed to a large force of Weapon System 'B' which would be in operational service for a long time to come.
- (iii) Cost of indigenous production of Weapon System 'A' was more than 1½ times the imported cost of Weapon System 'B'.

1.46 The Committee, therefore enquired as to why all these factors which were known to the Air Headquarters were not taken into consideration in January, 1977, when the Air HQrs decided to extend the life of this weapon system also and import 111 numbers. The Department of Defence Research and Development have stated as follows :

"The advantages of Weapon System 'B' over 'A' were known to Air HQrs as far back as 1973. The weapon system 'A' was procured in a phased manner between 1964-71. Initially the system had a life of 10 years. This was extended to 15 years in 1980 and there were indications that this would be further extended to 20

years. To extract the maximum life out of system 'A' it was decided to extend the life of the system to the maximum extent possible. The requirement of importing 111 numbers was projected in 1977 on the assumption that life of weapon 'A' would be 15 years."

1.47 The Committee desired to know the basic difference of opinion between Air-Headquarters and the DRDO about the development and actual utility of weapon systems 'A' and 'B' at different stages of development of system 'A'. In reply, the Department of Defence Research and Development have in a note, stated as follows :

"There was no basic difference of opinion between Air Headquarters and DRDO regarding development of Weapon System 'A' nor there was any difference of opinion regarding actual utility of weapon system 'A' and 'B' at different stages of development of system 'A'. It has already been stated that, at the time the development project was initiated, it was recognised by the DRDO that since no technology inputs in development of the weapons were available from other advanced countries, the best way, and perhaps the only way to achieve this objective was to develop and indigenise a proven weapon system of the class and that weapon system 'A' was the best option for achieving this objective. Subsequently *i.e.* at a later stage of development of weapon system 'A', Air HQRs had stated that it may be necessary to redirect R & D efforts towards indigenisation of weapon system 'B'. The Steering Committee on which Air Force was also represented examined the Air Force suggestion. After due consideration of all factors the Steering Committee concluded that, on the one hand, the objective of establishing competence/infrastructure in this field would be best served by continuing the project on weapon 'A' and, on the other, the objective of establishing production cannot be met by switching to development of Weapon System 'B' was also of late fifties and would become obsolete by the time development and production of weapon system 'B' was completed.

Regarding actual utility of weapon system 'A' and 'B' the Airforce appreciation was that because of the improved low level capability, improved reaction time and greater mobility it would be necessary to reduce the requirement of weapon System 'A' progressively and substitute it with Weapon System 'B'."

1.48 When asked about the position taken by the Air Force that Weapon System was no longer required by them the Secretary, Department of Defence Research and Development stated in evidence before the Committee :

“After some time the Air Force felt that this was not their requirement, because the System B was available at that time. The Air Force requirement is based on the aircraft they have and the kind of threat they face from the neighbourhood. But our requirement is to develop the total technological package so that in future any weapon can be tailored to meet a particular tactical threat. It just happened that though System A was procured and after some time item system ‘B’ also became available a better one. At that stage they said they would like to go in for weapon B. Happily I would say we struck on technically to this one—system A. We learnt a lot. But what I think has been misunderstood that you are viewing it in the context of the Air Force requirement alone. So far as the defence research is concerned it is incidental because we were building up competence and technology so that in future any requirement of the country can be met. So, the real fact is that because we went through the total exercise, we are now talking about the futuristic weapons, the equivalent of which does not exist in the Air Force today and the Indian Air Force does have plan to have such weapons from within.”

1.49 When asked as to which of the systems ‘A’ and ‘B’ would be needed in the near future, the Deputy Chief of Air Staff stated “Quite obviously system ‘B’.”

Extension of Life of Weapon System ‘A’

1.50 The Committee pointed out that according to the Air Headquarters, Weapon System has become obsolescent. The Committee, therefore, desired to know the reasons for going in for the extension of life of the system, with the assistance of a foreign country at a cost of Rs. 25 lakhs. The Secretary, Department of Defence Research and Development have stated as follows :—

“Most of the weapons that we have brought into our country were weapons that were available. At a particular time we took whatever weapons were available. Even when we looked into System A, some equivalent systems in some other countries were more advanced. But this was the only one that was available to us. For a variety of reasons, we took this system and developed the technology. Later on, we found the need to cover the gap in minimum range kill capability ; so, we said we needed System B. So, we went for System B. But the problem was resource position and availability. Having bought System A and its ancillaries, we continued System A, with linkage with Research and Development. After a little time we

would have changed over to System B. After some more time if you ask me, I would say that both Systems A and B are obsolete and we should go in for a new System. If we say we will go in for system A, it is not for keeping it for life time. It is very easy for me to convert the research and development organisation from that, because they should look for a very clear definite and a future goal. Except in times of crisis or war, research and development organisation should not be diverted to do things which they do not consider important. So, we thought on how to extend the life of the weapons. We learnt a lot. Some of the suggestions, which came from our scientists, they were extraordinarily useful exercise. Rs. 25 lakhs is the cost we paid. I would like to submit that we have learnt much more than Rs. 25 lakhs—how they have been modified, how they have been operating. Funds are not provided for a production organisation. At the end of 7 or 8 years, it will take two years for productionisation. At that time we did not anticipate productionisation in 1975-76. We found System B was more attractive. Now, we are looking ahead.”

1.51 The Committee desired to know as to when the production of the weapons would be taken up. The Secretary, Department of Defence Research and Development stated as follows :

“It is the R&D project. That is one thing. It has to achieve competence in various sub-system technology. We are proud and happy that we have achieved that. Number two, we learnt by mistakes on the way. In the R&D project, we now associate users agency and identify the production agency, who go in for serial production. Every one of them would meet a particular requirement. We have identified the production agencies. In this case, we have already identified the production centres at Bharat Dynamics, Hindustan Aeronautics, Bharat Electronics, Bharat Earth Movers, Heavy Vehicles Factory etc. Now, we have already done the penciling on the drawing board for the weapon design, we are already talking to the production agencies. We have learnt the lesson enormously well in this programme.”

Parallel Development of sub-System 'C'

1.52 Parallel development of sub-system 'C' was taken up by both the DRDL and GTRE and expenditure of Rs. 7.15 lakhs and Rs. 19.06 lakhs was incurred respectively by the two agencies. The Committee enquired in view of the Air Force having indicated as early as October 1973 that they had no additional requirement of weapon system 'A' for the future, how far it was

justified to take up such parallel development by incurring considerable expenditure. The Department of Defence Research and Development have stated as follows :

“The reason for initiating parallel development activities in DRDL and GTRE for sub-system ‘C’ was that this was a critical technological area where past experience was minimal and parallel development was inescapable to minimise programme risk. The Review Committee headed by a reputed scientist had also recommended the continuation of such parallel development activities. The decision for this parallel development activities and extra efforts and investment made have paid dividends in that there is now a direct application of the sub-system ‘C’ in one of the weapon system development projects recently taken up by DRDO for the Services.

As already stated, technology inputs in these areas are not available even for a price. However, when available, such technologies would have cost us such an enormous amount of foreign exchange that the expenditure of a mere Rs. 7.15 lakhs and Rs. 19.06 lakhs during parallel development of sub-system ‘C’ is insignificant in comparison with the benefit.”

Development of Sub-System ‘D’

1.53 According to the department of Defence Research and Development, development of sub-system ‘D’ was taken up and completed to remove a serious limitation in the performance of weapon system ‘A’. The Committee, therefore, desired to know whether this sub-system was incorporated in the existing weapon system ‘A’ and whether it was fully operational. The Department of Defence Research and Development stated as follows :

“Sub-system ‘D’ has not been incorporated in the existing weapon system ‘A’ because it was considered that weapon system ‘A’ was being phased out and the expenditure of efforts/resources required for incorporation of sub-system ‘D’ would not be justified. However, the competence gained by DRDO during the development of sub-system ‘D’ is being fully made use of in the initial phase development of similar sub-system in one of the weapon systems now to be developed.”

Closure of the Project on Weapon System ‘A’

1.54 The Committee desired to know the specific reasons for closure of the project for development of weapon system ‘A’ in July 1981 after spending considerable amount and time in the project taken up with the idea

of enabling the DRDO to acquire detailed knowledge of all the design parameters of approved weapon system and to build up necessary research and development base as well as the production base in the field of this type of weapon system. The Committee also enquired whether the above objective was achieved by the DRDO and if so, to what extent. In reply, the Department of Defence Research and Development stated as follows :

“Specific reasons for the closure of the project on development of weapon system ‘A’ in July 8 were that the objective of building competence and setting up R&D base and build up of a core of trained manpower for undertaking development of futuristic weapon systems of this type has been achieved and that since production of this weapon system was not to be undertaken in the absence of Air Force requirement, there was no reason for continuing further activities on this project.

The objective of enabling DRDO to acquire detailed knowledge of all the design parameters of proven weapon system has been achieved in full. The objective of building up the necessary research and development base in the field of this type of weapon system has also been achieved in full. As far as the production base is concerned, this has also been built up in a number of technologies. In certain other fields, however the production base has not yet been set up because of the decision not to productionise the indigenously developed weapon system ‘A’. Building up of production base in the areas has now been planned as a part of the present programme of development of futuristic weapon systems.”

Utilisation of Trained Man-Power

1.55 According to the Ministry, technical knowhow for development and production of futuristic weapon systems had been achieved successfully by the DRDO. The Committee desired to know the number of personnel associated with this project since its inception and how the competence gained as well as the facilities created were being put to use. In reply, the Department of Defence Research and Development have stated in a note as follows :

“A total of 880 posts were specifically sanctioned for this project. In addition, another 800 to 1000 people from the peace Establishment of DRDL and other Establishments/Organisations were associated with this project. The competence gained by these personnel as well as the facilities created, are being utilised on the on-going research and development activities in these fields. As has already been stated, DRDO has recently undertaken an

ambitious programme in this area. But for the valuable nucleus of trained manpower and facilities created through the project on development of weapon system 'A' it would not have been possible for the country to embark on the present programme of development of futuristic weapon systems of this kind,

The expenditure of less than Rs. 16 crores on indigenous development of weapon system 'A' has given us benefits far out of proportion to the quantum of expenditure. By and large, technology inputs in these areas are not available from abroad even for a price. In some rare instances, even if these are available, the costs are prohibitive. The fact that the execution of only a Rs. 16 crore project has given us such enormous inputs in a large number of technologies, speaks volumes of the foresight and pragmatism in undertaking and pursuing the project on indigenisation of weapon system 'A'."

1.56 Weapon system 'A' imported from a foreign country was in use in the Indian Air Force since 1965. With a view to reducing dependence on imports and to build up necessary research and development as well as production base for the weapon system, a proposal was made by the Defence Research and Development Organisation in October 1971 for its indigenous development. This was sanctioned by the Ministry of Defence in February, 1972 at a cost of Rs. 16 crores. The development was expected to take about 7 to 8 years and the establishment of full production 2 years thereafter. The indigenisation project was assigned to Defence research establishment/laboratories and the Defence Research and Development Laboratory, was made responsible for systems integration and carrying out proving trials. Initially, the requirement of this weapon system was 462 numbers for replacement and 432 numbers for anticipated expansion. However, the indigenisation project for weapon system 'A', on which an expenditure of Rs. 15.41 crores had been incurred upto June 1981, was not utilised for establishment of production facilities and all activities on the project were closed in March, 1982.

1.57 Justifying the expenditure on the project, the representative of the Department of Defence Research and Development stated before the Committee that "one of the objects was to take the country into the threshold of technological capability in this weapon system. I may submit that when we talked about that in 1971-72, there was practically no capability in the country in this and our objective, to a great extent, has been fulfilled as can be seen by this facility that has been set up at the Defence Research and Development Laboratory..." While the Committee appreciate that establishment of technological base is a must for any research and development effort, they would like the Ministry of Defence not to lose sight of the fact that the ultimate aim of all defence research and development effort is to attain production capability so that the

country becomes selfreliant in vital defence equipment. The country even today, after 10 years of research and development effort, has to import this weapon system as well as an improved system entailing heavy expenditure in foreign exchange.

1.58 A Steering Committee with Secretary, Department of Defence Production as Chairman, was formed in July 1973, to monitor the progress on the project. The Committee note that soon after the commencement of the indigenisation project, the Air Force chose weapon system 'B' which had a range of operation that effectively met the changed operational needs of the times and for which weapon system 'A' was not considered suitable. The decision to induct system 'B' was taken in 1973, and a contract for its import was signed with a foreign country in November, 1973. The induction of system 'B' into our Air Force commenced in 1974. In the light of these developments, the representative of the Air Force stated at the meeting of the Steering Committee held in October 1973 that the Air Force did not have any significant requirement for additional quantities of either Weapon system 'A' or its ground complex after 1980 and hence it might be necessary to re-direct research and development efforts towards indigenisation of Weapon system 'B'. The Committee are surprised to note that in spite of the aforesaid categorical assertion of the representative of the Air Force about the limited scope of utility of Weapon System 'A', the Steering Committee decided to continue the project on the old system. By then an expenditure of Rs. 1.97 Crores had been incurred on this project.

1.59 In January 1974, the Air Force had gone to the extent of indicating that the Weapon system 'A' was becoming obsolescent very fast and their requirement for this Weapon system would be 144 for the years 1974-79 and there would be no further requirement thereafter. The Committee regret to find that despite the views expressed by the users themselves, the Steering Committee again decided to continue the development project. This decision of the Steering Committee was based on the position taken by the representative to the DRDO, that the development programme of Weapon system 'A' should be continued in order to establish the infrastructure and the required competence to undertake the development of successor and futuristic weapon system.

1.60 It has been averred by the Department of Defence Research and Development that there is a great deal of commonality between System 'A' and System 'B' and as such the competence/infrastructure built during project for weapon System 'A' has brought us to the position where it is possible to develop an indigenous Weapon System 'B'. The Committee feel the development of Weapon System similar to type 'B' should have been taken up earlier. Unfortunately, this was not done and there is now a proposal to import six squadrons of Weapon System 'B' during 1985-90. The Committee are

inclined to feel that had the switch-over from the development of Weapon System 'A' to Weapon System 'B' been made in 1973 itself when initially suggested by the Air Force, the need for six squadrons of Weapon system similar to type 'B' might have been met by the country's own production, resulting in saving of valuable foreign exchange.

1.61 The Committee regret to find that there was a lot of ambivalence on the part of the Air Headquarters, with regard to the utility of Weapon System 'A'. In January 1977, the Air-Headquarters took a decision to continue Weapon System 'A' upto 1990 and suggested either to extend the life of the existing Weapon System 'A' to 15 or 20 years or to import 111 numbers of such Weapon System before 1980. However, in May 1979, even while the development of Weapon System 'A' was in progress, the Air-Headquarters suggested that Weapon system 'A' should be phased out after its lift expiry and replaced by a futuristic Weapon system, in view of the following reasons:—

- (i) Weapon system 'A' would not meet the operational requirements of 1990s.
- (ii) Compared to Weapon system 'B', Weapon system 'A' was technologically an obsolete system, using technology of 1950s and was a very unwieldy system with lesser mobility.
- (iii) The Air Force was committed to a large force of Weapon system 'B' which would be in operational service for a long time to come.
- (iv) Cost of indigenous production of Weapon system 'A' was more than $1\frac{1}{2}$ times the imported cost of Weapon system 'B'.

1.62 Surprisingly, despite such a bleak picture given about the future utility of Weapon system 'A' by the Air-Headquarters in May 1979, the Steering Committee again decided that its life be extended by 5 to 7 years to keep it operational till 1989. Accordingly, the life extension programme was undertaken by the Air Force with the assistance of a foreign country and completed at a cost of about Rs. 25 lakhs. The Committee would like to be informed of the detailed reasons for undertaking this extension programme, when according to the Air-Headquarters, there was no utility of this Weapon system.

1.63 The Committee are glad to note that on the basis of the experience and technological competence/infrastructure developed on the basis of programme for the development of Weapon system 'A', it is now proposed to develop a futuristic Weapon system which would be able to meet the requirements of 1990s. However, the Committee would like to point out that in order to be

successful the research and development programme has to remain ahead in the field of technological development so that by the time system is actually developed, it may not also become obsolete. The Committee feel that it is imperative that the development of our Weapon systems should keep pace with the technological achievements in other countries and our R and D efforts have to be galvanised in this direction. The Committee hope that the achievements made from this project would be fully and expeditiously utilised for the implementation of the contemplated integrated scheme for the production of Weapon system of latest and futuristic design in this very strategic and sophisticated field.

CHAPTER II

WRONGFUL APPROPRIATION OF PUBLIC REVENUES TO NON-PUBLIC FUNDS

Audit Paragraph

2.1 In order to provide an open and safe tract for practice firing by the Air Force aircraft in a sector, the Ministry of Defence accorded sanction (January 1962) for acquisition of 3,627 acres (approximately) of land at an estimated cost of Rs. 24.50 lakhs. Acquisition action got delayed because the State Government was reluctant to the acquisition of certain portions of this land. The land was, therefore, requisitioned under the Defence of India Act, 1962 and handed over to the Air Force in April 1963. Covering Government sanction for the requisitioning of 3,677 acres of land at an annual rental of Rs. 2.24 lakhs was issued in December 1967. Later, in February 1970, the Ministry accorded sanction to the acquisition of this land at an estimated cost of Rs. 84 lakhs. The land was finally acquired at a cost of Rs. 1.45 crores in March and June 1971 by which time rental amounting to Rs. 14.37 lakhs had been paid.

2.2 The Military Lands and Cantonments (ML & C) authorities during an inspection of the area in April 1970 observed that the entire area (except for a small patch) was under cultivation by the original land-owners and some of them had sunk tubewells after the lands were requisitioned. The Special Military Estates Officer (MEO), therefore, advised the local Air Force authorities to get the encroachments removed.

2.3 In view of the difficulties experienced in removing encroachments by unauthorised cultivators (and without instituting eviction proceedings) the local Air Force authorities evolved (April 1972) a scheme making the cultivators (original land-owners) the farm managers of the land (already acquired for defence purposes). The Air Headquarters (Air Hq.) whose approval to the scheme was sought replied (July 1972) that they had no objection to the cultivation of those lands under unit arrangements as per the policy laid down by them in January 1971 according to which cultivation of Air Force lands was to be undertaken subject to certain conditions which *inter alia* stipulated that (i) stations/units might employ labour on the pay roll of the Service Institute for which payment was to be made in cash or kind (out of non-public funds) and (ii) profits would be credited to the Service Institute (non-public funds).

2.4 In August 1973, the Ministry decided that after 5th November 1973 temporarily surplus lands could be cultivated by troop labour on payment of one-fourth of the gross produce as lease rent (to be credited to public funds). In supersession of these orders, the Ministry decided (May 1976) that :

defence lands which were rendered surplus temporarily could be placed at the disposal of the ML & C authorities for being leased out for agricultural purposes temporarily;

lands close or within the perimeter of installations or any other lands which could not be placed at the disposal of the ML & C authorities on account of security considerations could be cultivated through troop labour or where feasible, by security cleared private labour and such lands could not be given to private parties on lease basis or on the basis of sharing crops and wherever such managements were in vogue, these should cease forthwith; and

in respect of land in excess of the prescribed ceiling one-fourth of the net profit was to be credited to Government.

2.5 The previous owners of the lands were allowed by the local Air Force authorities, in the capacity of farm managers to cultivate the lands on year-to-year basis; the realisations from the farm managers in respect of land under their cultivation were worked out by a Board of Officers every year partly on the basis of the total produce assessed with reference to certain quantum of yield per acre (for different types of land) in consultation with a specialist from an agricultural university and partly on the basis of assessed rates of licence fee per acre. An amount of Rs. 0.82 lakh realised for the first crop i.e. for the year 1972-73 was credited in full to non-public funds. The total realisations from the farm managers during the subsequent years 1973 to 1980 amounted to Rs. 21.48 lakhs (which was not related to actual gross produce or net profit), out of which a sum of Rs. 5.32 lakhs was credited to Government revenues. This arrangement was, however, not in accordance with the orders applicable from 5th November 1973, according to which temporarily surplus lands could be cultivated by troop labour or wherever feasible by security cleared private labour on payment of one-fourth of the gross produce (modified to net profit in May 1976) as lease rent. But in the present case land was being cultivated neither by troop labour nor by security cleared private labour but by ex-owners designated as farm managers who were asked to ensure certain minimum amount of net profit per acre. Moreover, as per the Board proceedings, the amounts realised were not related to actual produce but were worked out on the basis of assessment made of the gross produce/

lease rent per acre. Had the acquired land been temporarily placed under the management of the local MEO for leasing out for cultivation purpose instead of cultivated through ex-owners in the capacity of farm managers, the entire realisation on account of lease rent would have been credited to Government revenues.

2.6 Apart from the firing range area of 3,677 acres, there were two other vast tracts or agricultural lands measuring 185 acres and 615 acres in the possession of the Air Force. These lands were also under cultivation through farm managers since November 1973 on year-to-year basis. The value of gross produce in respect of the first tract for the period from November 1973 to December 1980 was worked out at Rs. 4.89 lakhs on the basis of assessed rate per acre (which did not represent the net profit with reference to actual produce), out of which a sum of Rs. 1.22 lakhs (one-fourth share) was credited to Government revenues. In respect of the second tract, out of the collection of Rs. 13.09 lakhs for the period from November 1973 to December 1980, a sum of Rs. 3.29 lakhs (one-fourth share) was credited to Government revenues.

2.7 The Ministry of Defence stated (July 1982) that :

encroachments (an 3,677 acres of land) could not be stopped by the Air Force authorities because the land was situated at a distance of about 45 Kms. from the concerned unit and neither there was any security fencing/wall around the area nor was sufficient manpower available to protect or guard the land;

the intention of the arrangement (of managing the land through farm managers was only to ensure that the ex-land owners did not claim any right of occupation under the Tenancy Act;

all the cultivators (designated as farm managers) were security-cleared and were the employees of the Service Institute (under regimental arrangements) and these farm managers were to ensure that net profit did not fall below Rs. 150 per acre per annum;

no revenue was realised as tenancy right since the land was not given on lease of tenure under the Tenancy Act; and

a further sum of Rs. 1.65 lakhs representing 1/4th of the value of the produce (Rs. 6.60 lakhs) for the calendar year 1981 was credited to Government revenues.

2.8 The following are the main points that emerge :

Even after requisition (April 1963) and subsequent acquisition (March and June 1971) of 3,677 acres of land at a cost of Rs. 1.45 crores, the land remained under cultivation of the ex-owners and no revenue was realised for the period from April 1963 to March 1972.

The scheme for cultivation of defence lands by the ex-owners in the capacity of farm managers was not in accordance with the policy laid down by the Ministry of Defence.

Had the acquired land been temporarily placed under the management of the local MEO for leasing out for cultivation purposes instead of being cultivated through the ex-owners in the capacity of farm managers the entire realisations on account of lease rent would have been credited to Government revenues.

[Paragraph 14 of the Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Defence Services)]

Delay in acquisition of requisitioned land

2.9 The Committee desired to know as to when the demand for acquisition of 2,627 acres of land was originally placed on the State Government authorities and when the notification under Section 4 of Land Acquisition Act, 1894 was issued for acquisition of land by the State Government authorities. In reply, the Ministry of Defence stated in a note as follows :

“Demand for acquisition of land was originally placed on 29.8.1963. Notification under Section 4 in respect of 1702.05 acres acquired under land Acquisition Act in Ludhiana District was issued in April 1964. Notice in Form ‘I’ for 1974. 8625 acres of land in Ferozepur District which was acquired under RAIP Act was issued in November, 1970.”

2.10 When asked about the reasons for the reluctance on the part of State Government to the acquisition of certain portions of land, the Ministry of Defence in a note stated as follows :

“The State Government expressed their reluctance only in 1964 for the acquisition of 1974. 8625 acres in Ferozepur District on the grounds that these lands were very fertile and yielded good crops.”

2.11 The Committee further enquired if it was possible to acquire portions of land other than those in respect of which the State Government had expressed reluctance thus avoiding the need for requisition. In a note the Ministry of Defence have stated as follows :

“The reasons for requisitioning the land pending its acquisition was not due to the fact that the State Government was reluctant for its acquisition. The reason for requisitioning these lands was that the Air Force authorities wanted immediate possession of land without waiting for the completion of acquisition proceedings. The suggestion to acquire the land invoking the emergency provisions of Land Acquisition Act was not agreed to on grounds to additional liability and therefore it was decided by Government on 10.1.63 that the land in question be requisitioned pending finalisation of its acquisition.”

2.12 According to the Audit Paragraph the land (3677 acres) was requisitioned and taken over by the Air Force in April 1963, but covering Government sanction to the requisition of land was issued in December 1967. The Committee desired to know as to when the case was initiated for obtaining Government sanction. In a note, the Ministry of Defence have stated as follows :

“The case was submitted by Air Headquarters to the Government for the requisition of the land on 24.11.62. Though requisition of the land was agreed to on 10.1.1963, various queries were raised by Government and the matter remained under consideration. The requisition of lands was finally sanctioned on 27.12.1967.”

2.13 Elucidating the position, the Defence Secretary stated in evidence before the Committee :

“The requisition was done in January, 1963 itself. There were certain aspects about certain rental to be paid and all that was completed by 1967.... The final sanction takes place after all these rental payments have been fixed.”

2.14 When asked why it took more than 4 years to settle the case, the witness replied :

“The point is that these are functions of the State Government, both the requisition as also the acquisition. So, except that we try to expedite, we cannot do very much.”

Escalation in cost due to delay in acquisition Proceedings

2.15 The Committee pointed out that revised Government sanction for acquisition of land (held under requisition) was issued in February 1970 at an estimated cost of Rs. 84 lakhs as against the original sanction of Rs. 24.50 lakhs for 3627 acres. The land was finally acquired at a cost of Rs. 1.45 crores in March and June 1971. The Committee desired to know the steps taken for expediting acquisition of land after April 1963 to avoid usually heavy escalation in cost. In a note, the Ministry of Defence have stated as follows :

“As regards the acquisition of 1702.05 acres of land, the draft notice under Section 4 of Land Acquisition Act was published in April 1964. Compensation for this land was fixed and paid on the basis of market value prevailing in 1964 and as such the escalation in land value from 1964 to 1971 had little consequences. As regards the acquisition of 1974. 8625 acres land under RAIP Act, the compensation was assessed on the basis of market value prevailing on the date of notification of Form ‘J’ (i.e., as per the rate prevailing in 1971) in accordance with the provisions of RAIP Act.

The acquisition proceedings had made little headway when Emergency was proclaimed in October 1962. Since the lands were required urgently, they were requisitioned under the Defence of India Act 1962 and possession was handed over to the Air Force authorities in April, 1963. Acquisition proceedings for the land were also pursued simultaneously. The notification under Section 4 of the Land Acquisition Act 1894 in respect of the land in Ludhiana District was published on 7.4.1964. Sanction to the acquisition of 3627 acres of land in Ferozepur and Ludhiana Districts of Punjab at an approximate cost of Rs. 24.50 lakhs was accorded *vide* Government letter dated 20.1.1962 which was modified *vide* Government of India, Ministry of Defence letter No. Air HQ/36001/13/W-I/1830/D (Air-II) dated 26.2.1970, revising the estimated cost of land to Rs. 84 lakhs. The amount of Rs. 84 lakhs included a sum of Rs. 11,96,541.00 payable as solatium for compulsory acquisition of land under Section 23(2) of the Land Acquisition Act 1894. It was also decided that land in Ferozepur District for which notification under Section 4(1) of the Land Acquisition Act had not been published in 1964, should be acquired under the RAIP Act.

The time lag between the Collector's approximate assessment made on acquisition of the land in 1971 was three years. Land value during the

said period rose sharply due to tube well irrigation and improved methods of cultivation as a result of the Green Revolution. The increase in the cost of land from Rs. 84 lakhs to Rs. 1.45 crores has been attributed to these reasons.”

2.16 Elucidating the reasons for delay in acquisition of the land and escalation in costs, Defence Secretary stated during evidence before the Committee;

“The land was requisitioned in 1963 and was finally acquired in 1971. The delay was due to a large number of protests. The acquisition proceedings, as you are aware, take a very long time to complete. Finally the figure of Rs. 1 crore 45 lakhs on which it was acquired was considered by the Land Acquisition Officer as the reasonable solatium because the figure of Rs. 24 lakhs and fifty thousand was just an estimate. While the solatium for the final acquisition was made, it has got to take into account the factors which are there in the Land Acquisition Code itself. Therefore, applying that this was the compensation, it was fixed by the Land Acquisition Officer.”

2.17 According to the Audit paragraph the land in question was first requisitioned under Defence of India Rules. The Committee desired to know as to when the Defence of India Rule was applied for the requisition. The Defence Secretary informed the Committee :

“When the requisition was done pending acquisition, it was in January 1963. The possession was given to the Air Force and the actual firing range was commissioned in 1964 itself.”

2.18 Explaining the difference between obtaining a piece of land by the application of the Defence of India Rules and the acquisition of a piece of land through requisition, the Director General of Defence Lands & Cantonments informed the Committee as follows :

“The requisition of land under the Defence of India Rules is for a limited period and the recurring compensation is paid ; the requisition order was issued by the Collector concerned and the possession was handed over immediately. The acquisition procedure of the land takes a considerable time; and that is why since the land was urgently required it was first requisitioned under the Defence of India Rules.”

2.19 The Defence Secretary stated as follows :

“The requisition is for a limited period and subject to rent to be paid to the owners. There is no question of transfer of acquisition of land *per es*.

There is no finality on requisition; it is requisitioned for a purpose for a particular period while acquisition means acquisition of the property *per se*.”

2.20 The Committee desired to know as to whether the requirements of land held under requisition were reviewed at any time before revised sanction for its acquisition was issued in February, 1970. The Ministry of Defence have informed the Committee as follows :

“The feasibility of re-sitting the range was examined in the meeting held in Defence Secretary’s room on 12.12.1969. In the meeting it was decided to acquire the entire land.”

2.21 Asked as to when the first rental payment towards requisition of land was made to land-owners, the Ministry of Defence informed the Committee that the first rental payment for Kharif 1963 was made to ex-land owners on 20.2.1964.

2.22 The Committee desired to know as to when the cost of acquisition of land was paid to the land owners. The Ministry of Defence have informed the Committee as follows :

“Compensation amounting to Rs. 44,14,906.47 for acquisition of 1,702.05 acres of land situated in Ludhiana District was paid during 1970-71. Compensation amounting to Rs. 1,01,29,574.92 for acquisition of 1974. 8625 acres in Ferozepur District was paid during 1973-74 and 1974-75. The special Land Acquisition Collector withdrew the following amounts from the Treasury for disbursement to the land owners :

Years of withdrawal	Amount of withdrawal
1970-71	Rs. 44,14,906.47
1972-73	Rs. 1,01,29,574.92

Total	Rs. 1,45,44,481.39

This amount was disbursed by the Collector on various dates between 1970 to 1975. Major portion of compensation was disbursed in 1970-71 and 1972-73.”

Encroachments on the land

2.23 It is seen from the Audit Paragraph that the Military Lands and Cantonments M(L&C) authorities during an inspection of the area in April

1970 observed that the entire area (except for a small patch) was under cultivation by the original land owners and some of them had sunk tubewells after the lands were requisitioned. The Special Military Estates Officer (MEO), therefore, advised the local Air Force authorities to get the encroachments removed.

The Committee desired to know as to when encroachments on 3677 acres of land requisitioned in 1963 had started and what action was taken to evict the unauthorised occupants. The Ministry of Defence have informed as follows :

“As the possession of the land was taken in April 63 and full compensation could not be paid to the owners till sanction for acquisition was given in March 1972 the land owners encroached upon the lands owned by them earlier and started cultivating the same so that they did not suffer financial loss. This encroachment could not be stopped by Air Force Authorities because there was no security fencing/wall around the area . The matter was, therefore, taken up repeatedly with the civil authorities for evicting the encroachments. The civil authorities also could not help Air Force Authorities to evict the encroachers apprehending that it might develop into Law and Order problem. In this connection, when the efforts with local civil administration did not bear desired fruit, a meeting was held with the Chief Secretary and Inspector General Punjab Police by the then AOC-in-C WAC on 5 June 1968 to work out modalities for effective action to evict encroachers. This also did not bring out any effective solution.

In order to find a practical, effective and lasting solution to this enormous encroachment problem, a special meeting was held in the Tehsil Office in Jagraon in April 1972 attended by SDM Jagraon, Tehsildar Jagraon, Sarpunches of concerned villages and 150 land owners, under the Chairmanship of OC No. 9 Wing. The farmers pleaded for payment of higher compensation for which cases were pending in Sessions Court and for employing them as Farm Managers for these lands at reasonable wages. They agreed to obey all the security orders and restrictions imposed by the Air Force. The Civil authorities felt that this was the only solution to the problem”.

2.24 The Defence Secretary further elucidated as follows during evidence :

“When the land was requisitioned and put in our possession it was not a vacant possession. All the farmers who were cultivating their land were there and the encroachment was there. As a matter of fact, from

1963-71, we carried out innumerable correspondence with the civil authority”.

2.25 The Committee desired to know as to how the firing range was started in 1964, when the land was not vacant. The Defence Secretary replied as follows :

“There is encroachment even today. After the acquisition of land in 1971, the farmers who were owning the land, they were cultivating the land as managers under contract from us; and the range is used upto two O’ Clock. There are certain restrictions on the use of range.”

2.26 Asked if even now, the same is the mode of use, the witness replies :

“Yes. That is why we wanted actually the land to be vacated so that it could be used fully or it could be used as a firing range without any security hazard. After discussion with the civil authority throughout and finally in 1971 we brought out a system in terms of which we recognised them as managers; they were given a right to cultivate the land; and this right was given to them officially subject to certain conditions. They can cultivate the land after two O’ clock.”

2.27 Asked about details of the functioning of the practising range, the representatives of Air Headquarters stated as follows :

“Generally, the firing is carried out early in the morning upto about two O’ clock mainly because of the birds hazard. We do firing of guns, rocket firing and practice bombing. The area of range has put a constraint on certain type of armaments that cannot be used.”

2.28 The Committee enquired what would have been the ideal area of the range keeping in view the type of weapons which were being used for practice at that time. The Defence Secretary explained as follows :

“At that time, 4000 acres was considered to be adequate for the type of firing from the weapon which was considered for training purposes. That is why the acquisition was limited to 3,600 acres. Actually the proposal originally was to acquire around 15,000 acres, because there are a variety of dive angles which had to be practised. But this was the land which was available. So this was what was acquired and the practice had to be trimmed to adjust to the land available”.

2.29 The representative of Air Headquarters elaborated as follows :

“It depends upon the dive angle that we use. It could be 35 degrees. The safety distance should be kept. It can be 3,500 yards ahead in the type of practice we used. It can be slightly less in the area before the target. Because it travels faster than the aircraft and even though the speed of the aircraft is to be considered the initial velocity has to be taken into account. As the respected Defence Secretary pointed out, some of the available weapons were not able to fire on this range at the present moment. Because of the safety requirement specified by the manufacturers themselves and also the speed of the aircraft also, it happens so.”

2.30 The Committee enquired why it was not preferable to utilise this area indefinitely on a rental basis rather than to make heavy investment of Rs. 1.45 crores particularly when there were encroachments upon this land from the very beginning. In reply, Defence Secretary stated before the Committee :

“We had to acquire it because the requisition is for a limited period. This requisition under the Defence of India Rules was made in order to get immediate possession. This was without prejudicing the acquisition proceedings. At no stage the idea was to indefinitely continue the requisition, the idea has always been to acquire the land because it was a permanent training firing range and had to continue indefinitely.”

2.31 He further stated as follows :

“I could have continued the requisition for some time but the requisition cannot be continued indefinitely. There is a limited period which has to be extended from year to year”.

2.32 The Committee asked whether the annual compensation was paid in full to the land owners whose lands were requisitioned even though they continued to occupy the lands unauthorisedly. The Ministry of Defence have stated as follows :

“Annual recurring compensation was paid for the entire period of requisition”.

2.33 The Committee further enquired whether it was not possible to withhold payment of rental compensation, since the land under requisition

continued to be under encroachment by the land owners. The Ministry of Defence have stated as follows :

“This matter has been examined in another case by Ministry of Law and they had advised that the rental compensation cannot be withheld although the land was under encroachment. The DG, DI&C have intimated that the relevant file in which the Ministry of Law has opined that the payment of recurring compensation cannot be withheld although the land is under encroachment, is not readily forthcoming. However, in view of the fact that the land has been requisitioned and possession has been handed over to the Air Force in accordance with the provisions of Section 8(2) (a) of the RAIP Act, it is not permissible for the Competent Authority i.e. the Collector to deny payment to the owners from whom the land has been requisitioned by him, as long as the requisition orders subsists. Subsequent unauthorised occupation of the same by the ex-land owners or others has to be dealt with under the provisions of Public Premises (Eviction of unauthorised occupants) Act”.

2.34 The Committee enquired whether the file containing the opinion of the Ministry of Law with regard to earlier such case been traced and if so the specific opinion of the Ministry of Law. In a note furnished in March, 1984, the Ministry of Defence stated as follows :

“The file containing the opinion of the Law Ministry is still not traceable. However, fresh opinion of the Law Ministry on the point is being obtained”.

2.35 The Committee desired to know as to why the lands were acquired when they were under unauthorised occupation of the land-owners even after these were requisitioned. The Ministry of Defence have stated as follows :

“After the requisition of the land, work services had been constructed on the land. The vacant lands alone were under unauthorised occupation. The necessity for acquiring the entire land was again examined as per the suggestion of the Government that the question of size and location of the Firing Range should be again examined. In a meeting on 12th December, 1969, a decision was taken to acquire the entire land in both the Ferozepur and Ludhiana Districts”.

Security arrangements for the land

2.36-The Committee desired to know whether on requisitioning the land any arrangement for its watch and ward to check/prevent encroachments etc.

was made. The Ministry of defence have stated as follows :—

“Sixteen Chowkidars were employed to safeguard the area and the S.K. Range equipment as well. This was not adequate considering vast track of land. There was no security wall/fencing around the vast area and hence encroachment could not be stopped. For evicting the encroachers, the matter was taken up repeatedly with the Civil authorities *vide* Air Force Station. Halwara’s letters dated 21.10.1963, 21.11.1963, 10.3.1964, 15.5.1964, 10.7.1964 and 1.4.1972. The Civil authorities also could not help Air Force authorities to evict the encroachers.”

2.37 The Committee desired to know the provision for making security/watch and ward arrangements for vacant Defence lands (requisitioned/acquired) The Ministry of Defence have stated as follows:—

“Government authorises provision of security fencing for safeguarding Defence Lands. In the instant case, security fencing could not be provided due to vastness of the land and fund position. Further, the Government authorised sixteen Chowkidars for the Range. They were found to be inadequate. These Chowkidars have been employed since 1st November, 1974 and they continued to be employed for this purposes.”

2.38 The Committee desired to know of the expenditure incurred on the pay of chowkidars etc. The Committee also enquired about the purpose of appointment of these chowkidars when they could not prevent encroachments on the land in question. In a note the Ministry of Defence have stated as follows:—

“At the time of formation of S.K. Range in 1963, no Chowkidars were authorised on the establishment of Air Force Station Halwara. Seven chowkidars for Air Force Station Halwara and nine chowkidars on seasonal basis whenever the range was in use were for the first time authorised *vide* G of I, Ministry of Defence letter No. Air HQ/S.20635/316/C&E/506/D(Air-II), dated 27th January, 1966.

The expenditure incurred on employment of 16 chowkidars at the range from 1st March, 1966 to 31st December, 1983, works out to approximately Rs. 9,57,000/-.

The duties of the chowkidars are laid down in the Standard Range Orders issued by 9 Wing under their letter No. 9W/S.3078/1/Air dated 3rd April, 1963. The same were applicable for the chowkidars at SK

Range also. From the charter of duties of the chowkidars, it would be evident that they were not intended to be employed to prevent encroachment which could not have been possible for them in view of the vast open area involved. The chowkidars were meant primarily to safeguard the assets created on the range and to ensure that no tress-passing by human being and livestock took place in the immediate vicinity of the target area when the range is in use.”

2.39 The Committee enquired why adequate arrangements including fencing or wiring of the land were not made for the acquired land to prevent encroachments thereon. In reply, the Ministry of Defence have stated as follows:—

“The fencing of the acquired land would have been effective provided all encroachments had been removed and adequate additional security/DSC personnel provided at the range itself as that no encroachers could come in by cutting the fencing of range, which is situated at a distance of 45 kms. from the station HQ Halwara.”

2.40 The Committee desired to know the reasons for not appointing chowkidars right from 1964, when the firing range was put to use. In reply, Defence Secretary stated before the Committee during evidence :—

“The point is very valid that what was done between 1964 and 1970-71 till we acquired the land was that only certain practices were done on the ground because before acquisition Government has not sanctioned any capital establishments. So the chowkidar—you are right—could be appointed only after the establishment was sanctioned—that is after the acquisition. But the point is that at that time, as he says, no capital assets were created. What was done was only some targets were implanted on the ground for firing practices. Therefore, there was no question of chances of leakage at all.”

2.41 Asked whether the utilisation of the range actually started after acquisition, the Defence Secretary stated as follows:

“I would say that all the facilities that should be there in a firing range and some temporary sort of facilities were created but permanant facilities were created in order to convert into a full firing effective range only after acquisition.”

2.42 The Committee desired to know whether there were some documents

to prove as to how effectively the range was put to use since 1964. The representative of Air Headquarters stated as follows:

“We keep it for five years; thereafter it is destroyed. For the preceding five years only we will be able to get. What amount of ammunition on has been expended—that will not be available from 1964.”

2.43—2.44 The Committee further desired to know the number of days each year on which the land could not be utilised on account of presence of ex-owners on the land. The Ministry of Defence stated as follows:—

“This question does not arise. Prior to the day’s firing the range safety orders ensure indication of danger areas by boards/flags. Inlets into the area are sealed off until the range is declared closed by the Range Safety Officer. Civil authorities are intimated of range activity and a mandatory clearance obtained prior to firing practice. Therefore, there is no question of the presence of not only ex-land owners (but also of cattle) during the activity period no one is allowed to enter the danger area.”

2.45 The Committee desired to know if there were collateral records to show that the range has been in continuous operation since 1964. In a note the Ministry of Defence have stated as follows:—

“As stated at the PAC hearing, records more than five years old are destroyed after a survey is made by a locally constituted Board of Officers. However, effort were made to trace data available from the following records :

- (a) From 1500—Station History. From this, it is ascertained that the range was inaugurated on 6th April, 1963.
- (b) MES Cantonment Gazette and Maintenance by MES—both these records also show that range was in continuous use.”

Cultivation of land by ex-owners

2.46 According to the Audit Paragraph in August, 1973, the Ministry decided that after 5th November, 1973 temporarily surplus lands could be cultivated by troop labour on payment of one-fourth of the gross produce as lease rent (to be credited to public funds). In supersession of these orders, the Ministry decided in May, 1976 that :

“defence lands which were rendered surplus temporarily could be placed at the disposal of the ML&C authorities for being leased out for agricultural purpose temporarily ;

lands close or within the perimeter of installations or any other lands which could not be placed at the disposal of the ML&C authorities on account of security considerations could be cultivated through troop labour or where feasible, by security cleared private labour and such lands could not be given to private parties on lease basis or on the basis of sharing crops and wherever such managements were in vogue, these should cease forthwith ; and

in respect of land in excess of the prescribed ceiling one-fourth of the net profit was to be credited to Government.”

2.47 The previous owners of the lands were allowed by the local Air Force authorities, in the capacity of farm managers, to cultivate the lands on year-to-year basis : the realisations from the farm managers in respect of land under their cultivation were worked out by a Board of Officers every year partly on the basis of the total produce assessed with reference to certain quantum of yield per acre (for different types of land) in consultation with a specialist from an agricultural university and partly on the basis of assessed rates of licence fee per acre. An amount of Rs. 0.82 lakh realised for the first crops i.e., for the year 1972-73 was credited in full to non-public funds. The total realisations from the farm managers during the subsequent years 1973 to 1980 amounted to Rs. 21.48 lakh (which was not related to actual gross produce or net profit), out of which a sum of Rs. 5.32 lakhs was credited to Government revenues.

2.48 The Committee were informed that in 1973 the Government of India policy was that all Air Force land not utilised otherwise must be utilised for cultivation. The Committee, therefore desired to know whether the same policy continues even now. In reply, the Defence Secretary stated before the Committee :

“There has been a little change here. In 1973 what was issued was procedure for cultivation of land which has been declared as temporary surplus. As far as the range is concerned, it is not a temporary surplus. Even then we introduced this system and in 1976 Govt. orders were issued in which it was stipulated that all temporary surplus land should be handed over to the ML&C authorities so that it can give it on lease

The land which falls within the unit should be cultivated on security cleared labour basis. We have in fact followed 1976 Government orders from 1973 itself."

2.49 The Ministry of Defence letter No. 11026/1/75/D/ (Lands) dated the 10th May, 1976 laid down the following procedure with regard to the cultivation of Defence Land by troops :

"(a) Lands held by Army, Navy & Air Force which can be placed at the disposal of IML&C for being leased out for agricultural purposes temporarily will be placed at the disposal of IML&C as temporarily surplus.

(b) Lands close or adjacent to unit lines or within the perimeter of installations and units/establishments or any other lands which cannot be placed at the disposal of IML&C on account of security considerations can be cultivated by the troop labour to the extent feasible subject to the following conditions :

(i) Only troop labour or where feasible security cleared private labour will be employed.

(ii) Regimental centres/units shall not give defence lands to private parties for cultivation on lease basis or on the basis of sharing crops. Wherever such arrangements are in vogue, these shall cease forthwith.

(iii) For lands cultivated by troops or security cleared private labour, no payment will be made by the regimental authorities if the land cultivated is not in excess of that arrived at the scale of 4 acres per 1000 troops in the unit/regiment/installation concerned.

(iv) In respect of land in excess of the limit at (iii) above 1/4 of the net annual profit as per audited figures of the regimental funds shall be paid to Government.

(v) In the case of certain establishments and installations such as ordnance Depots, Ammunition Depots, Air Fields and so on where certain areas of lands on the perimeter and within the establishment have to be left uncultivated for reasons of security or safety, no charges will be levied even if the land is in excess

of the scale vide (b) (iii) above, provided such land is not being cultivated.”

2.50 The Committee desired to know whether the appointment of ex-land owners as Farm Managers had to be done under duress because it was not possible to evict them. In reply, Defence Secretary stated before the Committee as follows :

“The point is that we were not able to evict them during the requisitioned period despite the attempts with the Civil authorities. They were not removed. At that time we were powerless to remove them. Therefore, this was under duress that the land was acquired. We had a discussion with the Civil Authorities. This was an agreement with them that it will not be possible to remove them from the land and to make the thousands of honest cultivators landless agricultural labour.”

2.51 Asked as to under what consideration they were appointed as farm managers, the Defence Secretary stated as follows:—

“The agreement says that the responsibility of cultivation is with them the responsibility for management is with them. The inputs are with them. The return from this shall not be less than Rs. 150 per acre. They have the right to wages.”

2.52 Further asked whether the annual return received per acre was fixed or it varied from year to year, the Defence Secretary explained as follows:—

“It is like this. The system is after the inspection is made of the crops by the Punjab University, on the basis of the Board of officers decision, it is determined every year as to what should be the minimum return that we expect per acre. It has been roughly Rs. 100, 104 and 106 for the S.K. and about Rs. 500 in Halwara and Rs. 400 in Ferozepur.”

2.53 When asked if this arrangement was not in contravention of Government orders according to which the land might be cultivated by the troops on payment of one-fourth gross produce, the witness replied as follows :

“This was the order of 1973. What I am saying is that one-fourth of the produce if cultivated by the troops. This was in 1973. The land was inspected by experts. What we find is that if we fix a return, I think, it would be much more scientific. In 1976 ‘the one-fourth of the produce’

has been changed to 'one fourth of the return.' Since 1973 what we did was this. According to us, taking into account the produce, the climatic conditions, the input situation, the market situation, the wages, this land would earn a return of Rs. 100 per acre. On that basis, payments were made. What I am saying is that in 1973 despite the fact that in the Government's order, it was stated that it was 'one-fourth of the gross produce', it did not apply to this at all because it applied only to temporary surplus. Only the 1976 order applied to this. In the 1976 order, 'one-fourth of the gross produce' has been changed to 'one-fourth of the net profit'."

2.54 The Defence Secretary further informed the Committee that as per rules, 1/4 of the realisation was credited to Government and 3/4 would be retained by them for the regimental welfare.

2.55 The Committee desired to know whether the prior approval of the Ministry of Defence was obtained to the scheme of appointing Farm Managers and realising sums (based on agreed rates per acre per annum) ignoring the realisation based on actual yield since there was a deviation from the orders issued by the Ministry of Defence in November, 1965. In reply, the Ministry of Defence have stated as follows :

"Ministry of Defence letter No. 16 (7)/65/D (Lands) Vol.III dated 6 November, 1965 stated that for the lands under the control of Air Force/ Naval authorities the decision regarding regimental centre of the Army will apply viz. they would be allowed to cultivate any extent of land free of cost.

This order was operative till 5 November, 73 as stipulated in Ministry of Defence letter No. 16 (7)/A/65/D (Lands)-Vol.III dated 28 August, 1973. Also this revised policy stipulated that temporarily surplus land may be cultivated by troops on payment of 1/4th gross produce/lease rent. According by 1/4th of the net profit is being regularly credited to the Government revenue by No.9 Wing. The land is being cultivated by security cleared farm managers as per provisions of the Government letter. The Farm Managers are to ensure that net profit does not fall below Rs. 150/- per acre per annum as assessed by a Board of Officers based on the advice of the experts from Punjab Agricultural University. This scheme is within the ambit of Government policy on the subject issued from time to time and hence Ministry's approval was not necessary."

2.56 The Committee desired to know as to how many of the Farm

Managers are ex-servicemen. In a note, the Ministry of Defence stated as follows:—

“There are 416 Farm Managers at S.K. Range. Out of them 61 are ex-servicement.

2.57 The Committee desired to know as to how the allotment of land was made to the farm managers for cultivation and whether such allotment bears any relationship with the area earlier owned by each such farm manager. The Committee also enquired about the maximum and minimum area of land given to each farm manager for cultivation. In a note, the Ministry of Defence have stated as follows:—

“In order to find a practical, effective and lasting solution to the enormous problem of encroachment of the range land by the ex-land owners, a meeting was held in the office of Tehsildar, Jagraon in April, 1972, which was attended by the Station Commander No. 9 Wing, local SDM and sarpanches and the ex-land owners of the affected villages. In this meeting, at the instance of the Civil authorities who were unable to remove encroachments despite persistent efforts, an arrangement to employ the said ex-land owners as farm managers to cultivate the land within the constraints of AF Security and Special range instructions issued from time to time by AF authorities was evolved. The Farm Managers were entrusted with the same area for cultivation as per the land held by them prior to acquisition.

The maximum area is 49 acres and the minimum 0.25 acres. A table showing land holdings is shown below:—

(a) Less than an acre	10
(b) One to Four acres	123
(c) Five to Ten acres	177
(d) Eleven to Twenty acres	84
(e) Twenty one to thirty acres	15
(f) Thirty one and above	7
	416 ”
Total	

2.58 The Committee desired to know as to why the lands which were under cultivation by Farm Managers appointed by the local Air Force Autho-

rities were not placed under the control of Military Lands and Cantts (ML&C) authorities. The Ministry of Defence in a note stated as follows:—

“As per Ministry of Defence letter issued on 10th May, 1976 lands that could not be placed at the disposal of ML&C authorities on account of security considerations, can be cultivated through troop labour or security cleared labour. This land at SK Range falls under this category and therefore could not be placed at the disposal of ML&C authorities. The reasons are as under:—

- (a) The range has been in continuous operation since 1-1-64.
- (b) Cultivation is therefore permitted only after 1400 hours daily after the firing practice for the day is over. Non-observance of the timings laid down by Air Force would endanger the lives of the people carrying out cultivation.
- (c) Cultivators have to observe strict instructions as laid down by the Air Force authorities to ensure that the area does not give raise to bird menace.
- (d) Safety of the range equipment from theft has to be ensured.
- (e) Theft of empty shells from the range needs to be avoided.
- (f) Observance of flying practice by non-security cleared persons should be avoided as it can lead to passing of vital information to unscrupulous parties with vested interests.

The land was also not given to private parties on lease basis/or on the basis of sharing of crops. It was cultivated by security cleared labour employed at the expense of the non-public funds of the Station. Further the system of appointing Farm Managers under control and supervision of Air Force authorities was deemed to be the only lasting solution to the encroachment problem as suggested by civil authorities during the meeting held on 21 April, 1972 in the Office of Tehsildar, Jagraon. This arrangement is also within the ambit of Government policy issued on the subject from time to time. Therefore, there was/is no necessity of placing this land at the disposal of ML&C authorities. Firing is carried out every day except on Sundays/Holidays/Maintenance days or the days when weather conditions do not permit flying. During 1982, firing was carried out on 215 days. This pattern of firing is followed every year.”

2.59 The Committee desired to know why no revenue was realised from the ex-owners for the period from April 1963 to March 1972. In reply, the Ministry of Defence have stated as follows :

“Between 1963 to March 1972 the ex-land owners were being paid rentals for the requisitioned land. However even after the land was requisitioned the Ex-owners continued to encroach on the said land. Necessary action was taken with civil authorities to get the unauthorised encroachments removed. The Air Force authorities had no intention at that stage to permit any cultivation on the Defence land. Any recovery of revenue would have regularised the unauthorised encroachment as it would have interfered with action being taken to remove the encroachments. The system of employing Farm Managers was adopted as last resort after it became evident that it was not possible to remove the encroachments.”

2.60 At the instance of the Committee, the Ministry of Defence have furnished the following details of realisations from the Farm Managers from 1973 onwards out of the range area and two other tracts of lands :

HALWARA RANGE

Year	Land under cultivation	Amount collected.	Government share paid.
5.11.73 to 30.4.74	142½ Acres	69,930.00	17,482.50
1.5.74 to 30.4.75	144½ Acres	77,066.00	19,266.50
1.5.75 to 30.6.76	138½ Acres	53,918.00	13,479.38
1.7.76 to 30.4.77	188 Acres	16,475.00	4,118.75
1.5.77 to 30.4.78	150 Acres	78,144.00	19,586.00
1.6.78 to 31.5.79	170 Acres	82,291.85	20,572.96
1.6.79 to 31.5.80	137 Acres	59,756.00	14,939.23
1.6.80 to 31.12.80	137 Acres	51,154.80	12,798.70
1.1.81 to 31.12.81	137 Acres	62,260.20	15,565.05
		5,51,036.35	1,37,759.07

SK RANGE

5.11.73 to 30.4.74	1864 Acres	63,104.00	15,776.00
1.5.74 to 30.4.75	2231 Acres	198,459.00	49,614.75
1.5.75 to 30.4.76	2792 Acres	254,344.00	63,586.00
1.5.76 to 30.4.77	2790 Acres	431,914.00	107,978.50
1.5.77 to 31.5.78	2790 Acres	352,252.00	88,063.00
1.6.78 to 31.5.79	2790 Acres	319,430.00	79,857.50
1.6.79 to 31.5.80	2790 Acres	321,819.00	75,930.60
1.6.80 to 31.12.80	2790 Acres	206,202.00	51,550.00
1.1.81 to 31.12.81	2790 Acres	328,394.40	82,028.60
		24,75,918.40	6,14,455.45

FEROZEPUR FARMS

5.11.73 to 31.5.76	615 Acres	277,922.00	69,480.50
1.6.76 to 31.5.77	615 Acres	64,982.00	16,245.50
1.6.77 to 31.5.78	616 Acres	242,666.00	60,666.50
1.6.78 to 31.5.79	616 Acres	186,312.00	46,578.00
1.6.79 to 31.5.80	616 Acres	303,722.40	80,454.75
1.6.80 to 31.12.80	616 Acres	223,052.20	55,753.05
1.1.81 to 31.12.81	616 Acres	269,973.20	67,418.30
		15,78,249.80	3,96,606.60

GRAND TOTAL : 42,14,649.97 10,51,137.47

2.61 According to the Audit Paragraph, but of the total realisations from the farm managers for the years 1973 to 1980 amounting to Rs. 21.40 lakhs, a sum of Rs. 5.32 lakhs was credited to Government revenues. The Committee desired to know the justification for retaining 3/4 of the realisations for the non-public funds. In reply, the Defence Secretary, stated before the Committee as follows :

"As per rules, 1/4 is credited directly to the Government 3/4 will be retained by them for the regimental welfare. Government provides welfare fund. Regimental welfare Fund is provided by Government. What they do is, 75 per cent is debited : they do a 25 per cent credit. These things are well-regulated. In respect of this particular cultivation, whatever return will accrue, 1/4 will go to Government, 3/4 will be retained by them. This is the Government decision."

2.62 The Committee enquired whether similar schemes are in vogue at other Air Force Stations. In reply, the Ministry of Defence stated in a note as follows :

"Such schemes are in vogue at other Air Force Stations in accordance with the Government policy letter of 10 May 1976 wherein 3/4th of the realisation are credited to the non-public funds."

2.63 In order to provide an open and safe tract for practice firing by the Air Force, the Ministry of Defence accorded sanction in January, 1962 to the acquisition of 3627 acres of land in Ferozpur and Ludhiana Districts of Punjab at an estimated cost of Rs. 24.50 lakhs. According to the Ministry of Defence, since the land was required urgently, it was requisitioned under the Defence of India Act, 1962 and the possession was handed over to the Air Force authorities in April, 1963. The requisitioning under the Defence of India Act was done despite the fact that the State Government had expressed their reluctance to the acquisition of 1974.8625 acres of land in Ferozpur District on the ground that this land was very fertile and yielded good crops. Due to delay in completing the acquisition proceedings for the land, the Ministry of Defence accorded in February 1970, the revised sanction to the acquisition of 3677 acres of land at an estimated cost of Rs. 84 lakhs. The land was finally acquired in March and June, 1971 only. It is surprising that the acquisition proceedings for the land took as many as 8 years to be completed. The result has been that the land was finally acquired at a cost of Rs. 1.45 crores in March and June, 1971, resulting in extra payment of about Rs. 1.20 crores. In addition to this escalation in cost, the Ministry had to incur another expenditure to the tune of Rs. 14.37 lakhs in the shape of the rental payments made to the ex-land owners till the date of acquisition.

2.64 As regards the acquisition of 1702.05 acres of land situated in Ludhiana District, the draft notice under section 4 of Land Acquisition Act was published in April 1964. According to the Ministry of Defence, compensation for this land was fixed and paid on the basis of market value prevailing in 1964 and as such the escalation in land value from 1964 to 1971 had little consequence in this case. However, as regards the acquisition of 1974.8625 acres of land under Requisitioning and Acquisition of Immovable Property (RAIP) Act, 1952, the compensation was assessed on the basis of market value prevailing in 1971, *i.e.*, the date of notification of Form 'J'. According to the Ministry of Defence, the acquisition proceedings had made little headway when Emergency was proclaimed in October 1962. Escalation in the cost of land from Rs. 84 lakhs to Rs. 1.45 crores was due to the time lag of three years between the Collector's approximate assessment made and actual acquisition of the land in 1971, as land value during the said period rose sharply due to tube-wells irrigation and improved methods of cultivation as a result of the Green Revolution. The Committee are not convinced with these arguments and believe that had the Ministry proceeded in the matter in the right earnest by way of taking all necessary steps and effectively pursuing the matter with all the concerned authorities like the Collector, etc., much of the delay in the completion of the acquisition proceedings could have been avoided. The Committee cannot but conclude that the matter was not dealt with the requisite urgency that it deserved. The Committee hope that in the light of the sad experience in this case, Government would take necessary steps to streamline and revamp the procedure for completion of acquisition proceedings so as to avoid such inordinate and costly delays in future.

2.65 The Committee are surprised to note that after the requisitioning of the land in 1963 on payment of annual rental, the land virtually remained under cultivation by the owners right from the beginning, without payment of any consideration therefore to the Ministry of Defence. The Defence Secretary conceded during evidence that "when the land was requisitioned and put in our possession it was not a vacant possession. All the farmers who were cultivating their land were there and the encroachment was there."

2.66 The Committee observe that consequent on the requisitioning of the land in 1963, the Ministry of Defence did not take adequate measures like fencing or construction of boundary walls to protect the land from encroachment. According to the Ministry of Defence, provision of security authorised for safeguarding defence lands could not be made in this case due to vastness of the land and fund position. The Committee observe that at the time of requisitioning of the range, no Chowkidars were authorised. Seven Chowkidars for the Air Force Station Halwara and nine Chowkidars on seasonal basis whenever the range was in use were for the first time authorised on 27.1.1966. The Ministry's note gives

no information about the specific period during which these Chowkidars were actually appointed. The Committee are further surprised over the position stated by the Ministry of Defence that even these Chowkidars were not intended to be employed to prevent encroachment, as they were primarily meant to safeguard the assets created on the range. Thus, in effect, no steps were taken by the authorities to protect the land from encroachment.

2.67 An idea of the extent of encroachments can be had from the report of inspection of the area by the Military Lands and Cantonments authorities in April 1970 wherein it was stated that "the entire area (except for a small patch) was under cultivation by the original land-owners and some of them had sunk tube-wells after the lands were requisitioned." While the Committee are constrained to express their serious concern over the utter failure on the part of the authorities to prevent encroachments on land requisitioned by them, they would stress that suitable measures should be taken to ensure that such lapses do not recur in future and the Committee informed of action taken in this regard.

2.68 The Committee further note that annual recurring compensation was paid to the land owners for the entire period of requisition. Strangely enough, the payment of rental compensation could not be withheld inspite of the fact that land was under encroachment by the same land-owners, as advised by the Ministry of Law. The Committee, however, note that opinion of the Ministry of Law about withholding the payment of rental compensation, was not obtained specifically in this case. According to the Ministry of Defence the Ministry of Law had given the aforesaid advice in another case. It is, however, shocking that the relevant file containing the advice of the Ministry of Law is not traceable in the Ministry. The Committee desire that the matter relating to the missing file should be investigated with a view to fixing responsibility. The Ministry of Defence have stated that fresh opinion of the Ministry of Law on this point is being obtained. The Committee strongly feel that opinion of the Ministry of Law in this specific case should have been obtained in the beginning itself. The Committee desire that opinion of the Ministry of Law in the matter should be obtained at an early date and necessary steps taken in the light of the legal opinion to ensure that the Government are not placed in similar predicaments in future.

2.69 The Committee note that the firing range on the requisitioned land was inaugurated on 6.4.1963. According to the Ministry of Defence the range has been in continuous use for practice purposes right from 1964. The Committee regret to note that for 8 years, from 1963 to 1971, till the land was acquired, only temporary facilities were created on the range as permanent facilities in order to convert it into a fully effective firing range could be created only after acquisition. Further, Ministry of Defence have no records to show the number of days

in a month, the range was utilised since 1964 to 1971, when it was acquired. According to the Ministry of Defence these records have since been destroyed, as such papers are kept only for five years. The Committee consider it strange that although the authorities are in possession of the land in question since 1964, they do not have the records to show the extent to which the land was utilised before 1971. The Committee are surprised that papers containing important information are destroyed in the Ministry of Defence just after a period of five years. The Committee feel that the system of maintenance of important records in the Ministry of Defence needs to be reviewed suitably. In the absence of these records, the Committee are not in a position to verify that the range was put to optimum and effective use for practice purposes from 1963 to 1971, *i.e.*, till it was acquired. Even now, the Committee note that the land is used only for a part of the day, *i.e.*, upto 2 P.M. on practice days and certain types of weapons are not being used. Thus, it cannot be concluded that the objective for which the land was acquired is being fully achieved.

2.70 The Committee note that even on acquisition of the land in 1971 at an exorbitant cost of Rs. 1.45 crores, it was not possible for the defence authorities to remove the encroachments by the ex-land owners. In pursuance of the suggestion made by the Civil authorities, the defence authorities employed all the 416 ex-land owners (61 of them were ex-servicemen) as farm managers on year to year basis to cultivate the land. Surprisingly enough, the Farm Managers were entrusted with the same area for cultivation as per the land held by them prior to acquisition (the maximum area is 49 acres and the minimum 0.25 acres). The Farm Managers were to ensure that net profit did not fall below Rs. 150 per acre per annum as assessed by the Board of Officers based on the advice of the experts from Punjab Agricultural University. The Defence Secretary informed the Committee during evidence that "There is a provision that considering the condition it can be reduced to 100. A certificate is there to be given by the agricultural scientist. On that basis the Board of Directors fixes what is to be the quantum of return." The Committee were further informed that these persons were got cleared from the security point of view as per provision in the rules. It is not clear whether the persons employed by the Farm Managers were also security cleared.

2.71 The Committee regret to note that the arrangement of employing the ex-land owners as Farm Managers had to be resorted to by the Ministry of Defence under duress. The Defence Secretary conceded during evidence that "At that time we were powerless to remove them." The Committee are further of the view that the appointment of ex-land owners as Farm Managers was neither in accordance with the orders of August, 1973 nor the orders issued on 10th May, 1976. Even in the matter of fixation of the return for cultivation, the authorities have deviated

from the prescribed provision in the rules. The Committee cannot but express their deep concern at this helpless state of affairs where Govt. have not been able to get their own land vacated. The Committee have no doubt that appointment of the ex-land owners as Farm Managers was quite irregular. The Committee have also no doubt that had the authorities been vigilant right from the time of requisitioning of the land, such a situation might not have arisen. It passes the comprehension of the Committee how all the so-called Farm Managers can be considered as wage labourers.

2.72 The Committee observe that whereas the authorities failed to make any realisation for the irregular cultivation of the land done by the ex-land owners from 1963 to March, 1972 as encroachers, the total realisation from the farm managers during the subsequent years 1973 to 1981 amounted to Rs. 24.76 lakhs, out of which only a sum of Rs. 6.14 lakhs was credited to Government revenues. The remaining 3/4 amount was retained for the regimental welfare. The Committee are not sure whether this was regular.

2.73 The facts stated above clearly indicate the present unsatisfactory procedure relating to acquisition of lands for defence purposes. With the modernisation of our Defence Forces, the requirement of land for defence purposes—both for training as well as for cantonments, etc. particularly in the border areas is bound to increase. However, there is growing reluctance on the part of affected people as well as concerned State Governments who have to respect local feelings to such acquisition, particularly if the concerned land is fertile or is located in populated areas. The Committee feel that it is high time that the problem was examined in depth at a high level to lay down suitable guidelines so as to reconcile the defence needs with the interests of the local population in order to obviate delays and complications as have occurred in the present case.

NEW DELHI ;
April 23, 1984,
Vaisakha 3, 1906(S)

SUNIL MAITRA
Chairman,
Public Accounts Committee

APPENDIX

Conclusion and Recommendations

Sl. No.	Para No.	Ministry/Department Concerned	Conclusion/Recommendation
1	2	3	4
1	1.56	Defence (Deptt. of Defence Research and Development)	Weapon system 'A' imported from a foreign country was in use in the Indian Air Force since 1955. With a view to reducing dependence on imports and to build up necessary research and development as well as production base for the weapon system, a proposal was made by the Defence Research and Development Organisation in October 1971 for its indigenous development. This was sanctioned by the Ministry of Defence in February, 1972 at a cost of Rs. 16 crores. The development was expected to take about 7 to 8 years and the establishment of full production 2 years thereafter. The indigen ation project was assigned to 6 Defence research establishment/laboratories and the Defence Research and

1

2

3

4

Development Laboratory, was made responsible for systems integration and carrying out proving trials. Initially, the requirement of this weapon system was 462 numbers for replacement and 432 numbers for anticipated expansion. However, the indigenisation project for weapon system 'A', on which an expenditure of Rs. 15.41 crores had been incurred up to June 1981, was not utilised for establishment of production facilities and all activities, on the project were closed in March, 1982.

2 1.57 Defence (Deptt. of Defence Research and Development)

Justifying the expenditure on the project, the representative of the Department of Defence Research and Development stated before the Committee that "one of the objects was to take the country into the threshold of technological capability in this weapon system. I may submit that when we talked about that in 1971-72, there was practically no capability in the country in this and our objective, to a

1

2

3

4

great extent, has been fulfilled as can be seen by this facility that has been set up at the Defence Research and Development Laboratory.....". While the Committee appreciate that establishment of technological base is a must for any research and development effort, they would like the Ministry of Defence not to lose sight of the fact that the ultimate aim of all defence research and development effort is to attain production capability so that the country becomes self-reliant in vital defence equipment. The country even today, after 10 years of research and development effort, has to import this weapon system as well as an improved system entailing heavy expenditure in foreign exchange.

55

3 1.58 Defence (Deptt. of Defence Research and Development)

A Steering Committee with Secretary, Department of Defence Production as Chairman, was formed in July 1973, to monitor the progress on the project. The Committee note that soon after the commencement of the

1

2

3

4

indigenisation project, the Air Force chose weapon system 'B' which had a range of operation that effectively met the changed operational needs of the times and for which weapon system 'A' was not considered suitable. The decision to induct system 'B' was taken in 1973, and a contract for its import was signed with a foreign country in November, 1973. The induction of system 'B' into our Air Force commenced in 1974. In the light of these developments, the representative of the Air Force stated at the meeting of the Steering Committee held in October, 1973 that the Air Force did not have any significant requirement for additional quantities of either Weapon system 'A' or its ground complex after 1980 and hence it might be necessary to re-direct research and development efforts towards indigenisation of Weapon system 'B'. The Committee are surprised to note that in spite of the aforesaid categorical assertion of

4 1.59 Defence (Deptt. of Defence Research and
Development)

the representative of the Air Force about the limited scope of utility of Weapon System 'A', the Steering Committee decided to continue the project on the old system. By then an expenditure of Rs. 1.97 crores had been incurred on this project.

In January, 1974, the Air Force had gone to the extent of indicating that the Weapon System 'A' was becoming obsolescent very fast and their requirement for this Weapon System would be 144 for the years 1974-79 and there would be no further requirement thereafter. The Committee regret to find that despite the views expressed by the users themselves, the Steering Committee again decided to continue the development project. This decision of the Steering Committee was based on the position taken by the representative of the DRDO, that the development programme of Weapon System 'A' should be continued in order to establish the infrastructure and the required competence to under-

1

2

3

3

take the development of successor and futuristic weapon system.

5 1.60 Defence (Deptt. of Defence Research and Development)

It has been averred by the Department of Defence Research and Development that there is a great deal of commonality between System 'A' and System 'B' and as such the competence/infrastructure built during project for Weapon System 'A' has brought us to the position where it is possible to develop an indigenous Weapon System 'B'. The Committee feel the development of Weapon Systems similar to type 'B' should have been taken up earlier. Unfortunately, this was not done and there is now a proposal to import six squadrons of weapon System 'B' during 1985-90. The Committee are inclined to feel that had the switch-over from the development of Weapon System 'A' to Weapon System 'B' been made in 1973 itself when initially suggested by the Air Force, the need for six squadrons

of Weapon System similar to type 'B' might have been met by the country's own production, resulting in saving of valuable foreign exchange.

6 1.61 Defence (Deptt. of Defence Research and Development)

The Committee regret to find that there was a lot of ambivalence on the part of the Air Headquarters with regard to the utility of Weapon System 'A'. In January 1977, the Air Headquarters took a decision to continue Weapon System 'A' upto 1990 and suggested either to extend the life of the existing Weapon System 'A' to 15 or 20 years or to import 111 numbers of such Weapon System before 1980. However, in May 1979, even while the development of Weapon System 'A' was in progress, the Air-Headquarters suggested that weapon system 'A' should be phased out after its life expiry and replaced by a futuristic Weapon System, in view of the following reasons :—

- (i) Weapon System 'A' would not meet the operational requirements of 1990s.
-

(ii) Compared to Weapon System 'B' Weapon System 'A' was technologically an obsolete system, using technology of 1950s and was a very unwieldy System with lesser mobility.

(iii) The Air Force was committed to a large force of Weapon System 'B' which would be in operational service for a long time to come.

(iv) Cost of indigenous production of Weapon System 'A' was more than 1½ times the imported cost of Weapon System 'B'.

Surprisingly, despite such a bleak picture given about the future utility of Weapon System 'A' by the Air-Headquarters in May, 1979, the Steering Committee again decided that its life be extended by 5 to 7 years to keep it operational till 1989. Accordingly, the life ex-

tension programme was undertaken by the Air Force with the assistance of a foreign country and completed at a cost of about Rs. 25 lakhs. The Committee would like to be informed of the detailed reasons for undertaking this extension programme, when according to the Air-Headquarters, there was no utility of this Weapon System.

8 1.63 Defence (Deptt. of Defence Research and Development)

The Committee are glad to note that on the basis of the experience and technological competence/infrastructure developed on the basis of programme for the development of Weapon System 'A', it is now proposed to develop a futuristic Weapon System which would be able to meet the requirements of 1990s. However, the Committee would like to point out that in order to be successful the research and development programme has to remain ahead in the field of technological development so that by the time this system is actually developed, it may not also become obsolete. The Committee feel that it is

imperative that the development of our Weapon Systems should keep pace with the technological advancements in other countries and our R & D efforts have to be galvanised in this direction. The Committee hope that the achievements made from this project would be fully and expeditiously utilised for the implementation of the contemplated integrated scheme for the production of Weapon System of latest and futuristic design in this very strategic and sophisticated field.

In order to provide an open and safe tract for practice firing by the Air Force, the Ministry of Defence accorded sanction in January, 1962 to the acquisition of 3627 acres of land in Ferozepur and Ludhiana Districts of Punjab at an estimated cost of Rs. 24.50 lakhs. According to the Ministry of Defence, since the land was required urgently, it was requisitioned under the Defence of India Act, 1962 and the possession was handed over to the Air Force authorities in April, 1963. The

requisitioning under the Defence of India Act was done despite the fact that the State Government had expressed their reluctance to the acquisition of 1974. 8625 acres of land in Ferozepur District on the ground that this land was very fertile and yielded good crops. Due to delay in completing the acquisition proceedings for the land, the Ministry of Defence accorded in February, 1970, the revised sanction to the acquisition of 3677 acres of land at an estimated cost of Rs. 84 lakhs. The land was finally acquired in March and June, 1971 only. It is surprising that the acquisition proceedings for the land took as many as 8 years to be completed. The result has been that the land was finally acquired at a cost of Rs. 1.45 crores in March and June, 1971, resulting in extra payment of about Rs.1.20 crores. In addition to this escalation in cost, the Ministry had to incur another expenditure to the tune of Rs. 14.37 lakhs in the shape of the rental pay-

1**2****3****4**

10**2.64****Defence**

ments made to the ex-land owners till the date of acquisition.

As regards the acquisition of 1702.05 acres of land situated in Ludhiana District, the draft notice under section 4 of Land Acquisition Act was published in April, 1964. According to the Ministry of Defence, compensation for this land was fixed and paid on the basis of market value prevailing in 1964 and as such the escalation in land value from 1964 to 1971 had little consequence in this case. However, as regards the acquisition of 1974.8625 acres of land under Requisitioning & Acquisition of Immovable Property (RAIP) Act, 1952, the compensation was assessed on the basis of market value prevailing in 1971, i.e., the date of notification of Form 'J'. According to the Ministry of Defence, the acquisition proceedings had made little headway when Emergency was proclaimed in October, 1962. Escalation in the cost of land from Rs. 84 lakhs to Rs. 1.45 crores was

64

due to the time lag of three years between the Collector's approximate assessment made and actual acquisition of the land in 1971, as land value during the said period rose sharply due to tube-wells irrigation and improved methods of cultivation as a result of the Green Revolution. The Committee are not convinced with these arguments and believe that had the Ministry proceeded in the matter in the right earnest by way of taking all necessary steps and effectively pursuing the matter with all the concerned authorities like the Collector, etc., much of the delay in the completion of the acquisition proceedings could have been avoided. The Committee cannot but conclude that the matter was not dealt with the requisite urgency that it deserved. The Committee hope that in the light of the sad experience in this case, Government would take necessary steps to streamline and revamp the procedure for completion of acquisition proceedings so as to avoid such inordinate and costly delays in

1

2

3

4

11

2.65

Defence

future.

The Committee are surprised to note that after the requisitioning of the land in 1963 on payment of annual rental, the land virtually remained under cultivation by the owners right from the beginning, without payment of any consideration therefore to the Ministry of Defence. The Defence Secretary conceded during evidence that "when the land was requisitioned and put in our possession it was not a vacant possession. All the farmers who were cultivating their land were there and the encroachment was there."

12

2.66

Defence

The Committee observe that consequent on the requisitioning of the land in 1963 the Ministry of Defence did not take adequate measures like fencing or construction of boundary walls to protect the land from encroachment. According to the Ministry of Defence, provision of security authorised for safeguarding defence lands could not be made in this

case due to vastness of the land and fund position. The Committee observe that at the time of requisitioning of the range, no Chowkidars were authorised. Seven Chowkidars for the Air Force Station Halwara and nine Chowkidars on seasonal basis whenever the range was in use were for the first time authorised on 27.1.1966. The Ministry's note gives no information about the specific period during which these Chowkidars were actually appointed. The Committee are further surprised over the position stated by the Ministry of Defence that even these Chowkidars were not intended to be employed to prevent encroachment, as they were primarily meant to safeguard the assets created on the range. Thus, in effect, no steps were taken by the authorities to protect the land from encroachment.

67.

13 2.67

Defence

An idea of the extent of encroachments can be had from the report of inspection of the area by the Military Lands and Cantonments authorities in April 1970 wherein it was stated

1

2

3

4

that the "entire area (except for a small patch) was under cultivation by the original land-owners and some of them had sunk tube-wells after the lands were requisitioned." While the Committee are constrained to express their serious concern over the utter failure on the part of the authorities to prevent encroachments on land requisitioned by them, they would stress that suitable measures should be taken to ensure that such lapses do not recur in future and the Committee informed of action taken in this regard.

14 2.68

Defence

The Committee further note that annual recurring compensation was paid to the land owners for the entire period of requisition. Strangely enough, the payment of rental compensation could not be withheld inspite of the fact that land was under encroachment by the same land-owners, as advised by the Ministry of Law. The Committee, however, note that opinion of the Ministry of Law about withhold ding the payment of rental compensation, was

not obtained specifically in this case. According to the Ministry of Defence, the Ministry of Law had given the aforesaid advice in another case. It is, however, shocking that the relevant file containing the advice of the Ministry of Law is not traceable in the Ministry. The Committee desire that the matter relating to the missing file should be investigated with a view to fixing responsibility. The Ministry of Defence have stated that fresh opinion of the Ministry of Law on this point is being obtained. The Committee strongly feel that opinion of the Ministry of Law in this specific case should have been obtained in the beginning itself. The Committee desire that opinion of the Ministry of Law in the matter should be obtained at an early date and necessary steps taken in the light of the legal opinion to ensure that the Government are not placed in similar predicaments in future.

The Committee note that the firing range on the requisitioned land was inaugurated on

6.4.1963. According to the Ministry of Defence the range has been in continuous use for practice purposes right from 1964. The Committee regret to note that for 8 years, from 1963 to 1971, till the land was acquired, only temporary facilities were created on the range as permanent facilities in order to convert it into a fully effective firing range could be created only after acquisition. Further, Ministry of Defence have no records to show the number of days in a month, the range was utilised since 1964 to 1971, when it was acquired. According to the Ministry of Defence these records have since been destroyed, as such papers are kept only for five years. The Committee consider it strange that although the authorities are in possession of the land in question since 1964, they do not have the records to show the extent to which the land was utilised before 1971. The Committee are surprised that papers containing important information are destroyed in the Ministry of Defence just after

a period of five years. The Committee feel that the system of maintenance of important records in the Ministry of Defence needs to be reviewed suitably. In the absence of these records, the Committee are not in a position to verify that the range was put to optimum and effective use for practice purposes from 1963 to 1971, *i.e.*, till it was acquired. Even now, the Committee note that the land is used only for a part of the day, *i.e.*, upto 2 P.M. on practice days and certain types of weapons are not being used. Thus, it cannot be concluded that the objective for which the land was acquired is being fully achieved.

The Committee note that even on acquisition of the land in 1971 at an exorbitant cost of Rs. 1.45 crores, it was not possible for the defence authorities to remove the encroachments by the ex-land owners. In pursuance of the suggestion made by the Civil authorities, the defence authorities employed all the

1

2

3

4

416 ex-land owners (61 of them were ex-servicemen) as farm managers on year to year basis to cultivate the land. Surprisingly enough, the Farm Managers were entrusted with the same area for cultivation as per the land held by them prior to acquisition (the maximum area is 49 acres and the minimum 0.25 acres). The Farm Managers were to ensure that net profit did not fall below Rs. 150 per acre per annum as assessed by the Board of Officers based on the advice of the experts from Punjab Agricultural University. The Defence Secretary informed the Committee during evidence that "There is a provision that considering the condition it can be reduced to 100. A certificate is there to be given by the agricultural Scientist. On that basis the Board of Directors fixes what is to be the quantum of return." The Committee were further informed that these persons were got cleared from the security point of view as per provision in the rules. It is not clear whether the persons employed by the Farm

Managers were also security cleared.

The Committee regret to note that the arrangement of employing the ex-land owners as Farm Managers had to be resorted to by the Ministry of Defence under duress. The Defence Secretary conceded during evidence that "At that time we were powerless to remove them." The Committee are further of the view that the appointment of ex-land owners as Farm Managers was neither in accordance with the orders of August 1973 nor the orders issued on 10th May, 1976. Even in the matter of fixation of the return for cultivation, the authorities have deviated from the prescribed provision in the rules. The Committee cannot but express their deep concern at this helpless state of affairs where Government have not been able to get their own land vacated. The Committee have no doubt that appointment of the ex-land owners as Farm Managers was quite irregular. The Committee have also no

1	2	3	4
18	2.27	Defence	<p>doubt that had the authorities been vigilant right from the time of requisitioning of the land, such a situation might not have arisen. It passes the comprehension of the Committee how all the so-called Farm Managers can be considered as wage labourers.</p> <p>The Committee observe that whereas the authorities failed to make any realisation for the irregular cultivation of the land done by the ex-land owners from 1963 to March, 1972 as encroachers, the total realisation from the farm managers during the subsequent years 1973 to 1981 amounted to Rs. 24.76 lakhs, out of which only a sum of Rs. 6.14 lakhs was credited to Government revenues. The remaining 3/4 amount was retained for the regimental welfare. The Committee are not sure whether this was regular.</p>
19	2.73	Defence	<p>The facts stated above clearly indicate the present unsatisfactory procedure relating to acquisition of lands for defence purposes.</p>

With the modernisation of our Defence Forces, the requirement of land for defence purposes—both for training as well as for contonments, etc. particularly in the border areas is bound to increase. However, there is growing reluctance on the part of affected people as well as concerned State Governments we have to respect local feelings to such acquisition, particularly if the concerned land is fertile or is located in populated areas. The Committee feel that it is high time that the problem was examined in depth at a high level to lay down suitable guidelines so as to reconcile the defence needs with the interests of the local population in order to obviate delays and complications as have occurred in the present case.

