

**IMPORT OF LIFE—EXPIRED  
AMMUNITION**

**MINISTRY OF DEFENCE**

**PUBLIC ACCOUNTS  
COMMITTEE**

**1995-96**

**TENTH LOK SABHA**

# HUNDRED AND FIFTEENTH REPORT

PUBLIC ACCOUNTS COMMITTEE  
(1995-96)

(TENTH LOK SABHA)

IMPORT OF LIFE—EXPIRED AMMUNITION

MINISTRY OF DEFENCE

*[Action Taken on 92nd Report of Public Accounts Committee  
(10th Lok Sabha)]*



*Presented to Lok Sabha on 29.2.1996  
Laid in Rajya Sabha on 29.2.1996*

LOK SABHA SECRETARIAT  
NEW DELHI

*February, 1996/Phalguna, 1917 (Saka)*

**PAC No. 1492**

*Price : Rs. 10/-*

© 1996 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eighth Edition) and Printed by the Manager, P.L. Unit, Government of India Press, Minto Road, New Delhi.

## CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1995-96) . . .	(iii)
INTRODUCTION . . . . .	(v)
CHAPTER I Report . . . . .	1
CHAPTER II Recommendations/observations which have been accepted by Government . . . . .	5
CHAPTER III Recommendations/observations which the Committee do not desire to pursue in the light of the replies received from Government . . . . .	13
CHAPTER IV Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration . . . . .	14
CHAPTER V Recommendations/observations in respect of which Government have furnished interim replies . . . . .	15
<b>APPENDIX</b>	
Statement of Recommendations and Observations . . . . .	16
<b>PART II</b>	
Minutes of the Sitting of Public Accounts Committee held on 8.2.1996 . . . . .	18

COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE  
(1995-96)

Shri Ram Naik — *Chairman*

MEMBERS

*Lok Sabha*

2. Dr. F. Azam
3. Kumari Mamata Banerjee
4. Shri Anil Basu
5. Shri Dileep Singh Bhuria
6. Shrimati Maragatham Chandrasekhar
7. Shri Gopi Nath Gajapathi
8. Dr. K.D. Jeswani
9. Maj. Gen. (Retired) Bhuwan Chandra Khanduri
10. Shri Peter G. Marbaniang
11. Shrimati Geeta Mukherjee
12. Shri Shraavan Kumar Patel
13. Shrimati Vasundhara Raje
14. Shri V. Krishna Rao
15. Shri Magunta Subbarama Reddy

*Rajya Sabha*

16. Shri Rahasbihari Barik
17. Shri Triloki Nath Chaturvedi
18. Shri Misa R. Ganesan
19. Shrimati Chandrika Abhinandan Jain
20. Shri Ajit P.K. Jogi
21. Shri Rajubhai A. Parmar
22. Shri G.G. Swell

SECRETARIAT

1. Shri G.C. Malhotra — *Joint Secretary*
2. Smt. P.K. Sandhu — *Director*
3. Shri P. Sreedharan — *Under Secretary*

---

Expired on 1 December, 1995.

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Fifteenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Ninety-Second Report (Tenth Lok Sabha) on Import of life expired ammunition.

2. In their earlier Report, the Committee had pointed out certain deficiencies in the contract concluded by the Government with a foreign supplier for procurement of ammunition 'A'. These were mainly lack of the provision for pre-despatch inspection, absence of stipulated shelf-life of the ammunition and above all, failure to incorporate all the performance specifications in the contract. The ammunition supplied in pursuance thereof was shelf-life expired and had raised serious doubts about its future serviceability. Expressing their concern over this, the Committee had urged upon the Government to take all the necessary remedial and preventive steps to obviate chances of recurrence of such defective imports involving sizeable governmental expenditure with a view to ensuring defence preparedness of the country. In this Report, the Committee have noted that in pursuance of their recommendations, the Ministry of Defence have issued instructions seeking, to eliminate the deficiencies in such type of contracts in future. The Ministry have assured the Committee that Government have taken all necessary remedial preventive steps to obviate import of defective ammunition. The Committee have desired that the contents of all such instructions issued should be suitably codified for scrupulous compliance and steps taken to ensure accountability in the procurement of defence items in future.

3. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 8 February, 1996. Minutes of the sitting form Part-II of the Report.

4. For facility of reference and convenience, the 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.

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

NEW DELHI;  
23 February, 1996

4 Phalgun, 1917 (Saka)

RAM NAIK,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by Government on the recommendations/observations of the Committee contained in their Ninety-second Report (Tenth Lok Sabha) on Paragraph 9 of the Report of the Comptroller and Auditor General of India for the year ended 31 March, 1993, No. 8 of 1994, Union Government, (Defence Services — Army & Ordnance Factories) relating to Import of life-expired ammunition.

2. The Ninety-second Report which was presented to Lok Sabha on 31 March, 1995 contained 9 recommendations/observations. Action Taken Notes on all these recommendations/observations have been received from the Ministry of Defence. Government have accepted all the recommendations of the Committee. The Action Taken Notes have been reproduced in Chapter II of this Report.

3. In the succeeding paragraphs the Committee deal with the Action Taken by Government on some of their recommendations.

#### *Import of life-expired ammunition 'A'*

4. The Government of India concluded two contracts with a foreign supplier in September, 1987 for procurement of 46,700 rounds of ammunition 'A'. The contracts were negotiated keeping in view the criticality of the item and various pertinent factors involving operational necessities. As per the contract, the ammunition were to be supplied ex-stock. Out of the total quantity contracted, 18,900 rounds of ammunition amounting to Rs. 19.06 crores were received in a Central Ammunition Depot (CAD) between May and November 1990 in different consignments. In their 92nd Report (Tenth Lok Sabha) the Committee had observed certain deficiencies in the contract for the procurement of the ammunition, such as: lack of the provision for pre-despatch inspection, absence of stipulated shelf-life of the ammunition and above all failure to incorporate all the prescribed requirements and specifications in the contract. The quality of the ammunition received in pursuance of the contract had raised serious doubts about the life of the ammunition. As against the prescribed shelf life of 10 years, the ammunition received were of early Seventies and mid-Seventies manufacture. While expressing their serious concern for import of defective ammunition, the Committee in para 45 of the Report summed up the Report as follows:—

“The foregoing paragraphs reveal certain deficiencies in the procurement of ammunition 'A'. Pertinently, cases of import of old vintage

ammunition from the same foreign supplier had figured in some of the earlier Reports of the C&AG, Defence Services as well. Significantly, the nature of the main Audit objections in those cases also related to lack of provision for pre-despatch inspection in the contracts resulting thereby in supply of ammunition either with short shelf life or shelf life expired. While assuring the Committee that remedial steps have since been taken by them, the Ministry of Defence have stated that after 1990 they have been insisting on incorporating in the contract, the year of manufacture and necessary details about the shelf life, performance specifications etc. in cases of procurement of ammunition so as to avoid future complications. The Committee believe that having learnt from the experience, the Government will take all the necessary remedial and preventive steps to obviate the chances of recurrence of such defective imports involving sizeable governmental expenditure with a view to ensuring defence preparedness of the country."

5. In their action taken note the Ministry of Defence *inter-alia* stated as under:—

"Necessary instructions have already been issued to all Joint Secretaries in Ministry of Defence vide MOD's ID Note 18.5.95 in pursuance of observations of the Committee made in Paras 39 to 41 of the Report. We are clearly indicating that the ammunition should be of current manufacture. Similarly minimum shelf life is also being insisted on in fresh contracts. The Committee may be assured that the Government has taken all necessary remedial and preventive steps to obviate import of defective ammunition".

6. As regards determining the future serviceability of the ammunition 'A', the Ministry have stated that the ammunition lots manufactured between 1971 to 1975 were again tested by the Director General of Quality Assurance. Based on the satisfactory performance they have been certified to be serviceable till October, 1996. Proof/Tests of the subject ammunition pertaining to post 1975 manufacture by the DGQA have shown it to be serviceable. Its shelf life has been extended for two more years. The lots will be due for re-testing in May 1997.

7. In their earlier Report the Committee had pointed out certain deficiencies in the contract concluded by the Government with a foreign supplier for procurement of ammunition 'A'. These were mainly lack of the provision for pre-despatch inspection, absence of stipulated shelf-life of the ammunition and above all, failure to incorporate all the performance specifications in the contract. The ammunition supplied in pursuance thereof was shelf-life expired and had raised serious doubts about its future serviceability. Expressing their concern over this, the Committee had urged upon Government to take all the necessary remedial and preventive steps to obviate chances of recurrence of such defective imports involving sizeable

governmental expenditure with a view to ensuring defence preparedness of the country. The Committee note that in pursuance of their recommendations the Ministry of Defence have issued instructions seeking to eliminate the deficiencies in such types of contracts in future. The Ministry have assured the Committee that Government have taken all necessary remedial preventive steps to obviate import of defective ammunition. The Committee desire that the contents of all such instructions issued should be suitably codified for scrupulous compliance and steps taken to ensure accountability in the procurement of defence items in future.

*Delay in indigenous production of ammunition 'A'.*

8. Expressing their concern over the inordinate delay in indigenous production of the ammunition, the Committee in Para 44 of 92nd Report (10th Lok Sabha) had recommended as follows:—

“As regards the indigenous efforts made, the Committee have been informed that Government started a Project in the Defence Research and Development Organisation (DRDO) for production of this ammunition as early as in 1984. However, the production could not materialise till date. Explaining the reasons for the inordinate delay in this regard, the Ministry stated that this Project took off in a slow manner since the priority allotted was for establishment of production of other varieties of ammunition. The Ministry were, however, hopeful that in another years time or so the production of the ammunition will materialise. The Committee recommend that all out efforts should be made by the Ministry to fructify the indigenous Project at the earliest so as to generate its trickling effects in improving the stock position and the overall requirements of the Army. The Committee may be apprised of the progress made in this regard”.

9. In their action taken note the Ministry stated:—

“Initially development of 125mm FSAPDS (Steel Core) ammunition for T-72 tank was undertaken by the DRDO. This was not productionised and the development of a “soft core” version with better performance capability was undertaken. Consequent upon successful User Trials of the ammunition, it has been decided to introduce this ammunition in Service. Indigenous production of this ammunition is expected to commence by 1996-97”.

10. In their earlier Report, the Committee had observed that though the Government started a Project in the Defence Research and Development Organisation for production of the ammunition 'A' as early as in 1984, the production was inordinately delayed. The Committee had, therefore, recommended that all out efforts should be made by the Ministry of Defence to fructify the indigenous Project at the earliest so as to generate its trickling effects in improving the stock position and the overall requirements of the Army. In their Action Taken Note, the Ministry have stated that

**Indigenous production of this ammunition is expected to commence by 1996-97. The Committee trust that sustained efforts will be made by the Ministry to ensure that production of the ammunition is not further delayed.**

## **CHAPTER II**

### **RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation**

Based on the provision review of 1.10.1986 which indicated huge deficiency of 2,53,042 pieces of ammunition 'A' for vehicle 'Z', among other varieties of ammunition, after negotiations, the Government of India concluded two contracts with a foreign supplier in Sept. 87 for procurement of 46,700 rounds of ammunition 'A'. The contracts were negotiated keeping in view the criticality of the item and various pertinent factors involving operational necessities. As per the contract, the ammunition were to be supplied ex-stock. Out of the total quantity contracted, 18,900 rounds of ammunition amounting to Rs. 19.06 crores were received in a Central Ammunition Depot (CAD) between May and November 1990 in different consignments. The Audit paragraph and the Committee's further examination have revealed certain deficiencies in the contract, quality of supplies received in pursuance thereof and certain other related aspects.

[Sl. No. 1, Para 37 of Appendix to 92nd Report of PAC (10th LS)]

#### **Action Taken**

This is only a summarisation of facts and no action has been recommended.

[Ministry of Defence OM.No. 7(4)93/D(Proc)/Vol. II, dt. 26.9.95]

#### **Recommendation**

The Committee note that on examination of the ammunition received by them, the Central Ammunition Depot found that the ammunition were of early 70s and mid-70s manufacture. Since it had completed the prescribed shelf life of 10 years, the CAD intimated the Army HQs and Director General of Quality Assurance (DGQA) that it must be replaced by the Supplier. On check proof of the ammunition, the DGQA had initially, advised that the ammunition was overage and quality claim be raised on the supplier. Based on the dynamic proof and chemical analysis/csts of each consignment, the DGQA subsequently informed the Director General of Ordnance Service (DGOS) that performance of the ammunition was satisfactory and a residual shelf life of three years could be assigned after which samples would be required to be retested. However, on a re-look in July 1991, the DGQA opined that ammunition manufactured between 1973-75 be retested after three years and the ammunition manufactured between 1976 and 1981 be retested after five years. From the foregoing, it is evident that the quality of the supplies received had raised serious

doubts about the life of the ammunition. The Defence Secretary admitted in evidence that the ammunition had in certain cases crossed the normal life of ten years which is taken as a standard for Indian ammunition. The Committee are, however, intrigued at the manner in which DGQA, the deciding authority on quality in defence expressed their differing views at rapid successions. Clearly, their attitude was to pull on somehow with the quality of supplies received. The Committee are surprised over this, particularly in view of the outright rejection recommended by the CAD. The Committee would, therefore, like to be assured that the defence authorities have in no whatsoever manner compromised with the operational requirements, in the process.

[Sl. No. 2, Para 38 of Appendix II to 92nd Report of PAC (10th LS)]

#### Action Taken

(a) The check proof carried out by DGQA did not reveal any abnormality in dynamic proof as well as in chemical examination. As per practice in vogue the ammunition was assigned a limited shelf life with a proviso for further testing thereafter.

(b) The contract catered for supplies ex-Stock without stipulating any residual shelf life. DGQA had therefore advised all concerned that in all contracts a minimum residual shelf life to be expected should be stipulated even if supplies are ex-stock, *vide* DGQA Note No. B85075/DGQA/Arm-3, dated 15 Apr., 91. Fresh instructions on this issue to all Joint Secretaries concerned with procurement have been issued *vide* MOD ID No. 7(4)93D(Proc), Dated 18.5.95, (Annexure-I) to ensure supply form current manufacture and include a provision for pre-despatch inspection in the contracts.

(c) The DGQA on Proof/Tests of the subject ammunition has considered it still serviceable. As such, no operational requirements were compromised.

[Ministry of Defence OM. No. 7(4)93D(Proc)/Vol. II, dt. 26.9.95]

#### Recommendation

While explaining the action taken in the wake of receipt of ammunition of old vintage, the Ministry of Defence stated that based on the recommendation of the DGQA, a quality claim was raised on the supplier on 23 April, 1990 (in respect of ammunition received against the same contract earlier), on the ground that the ammunition supplied had outlived its storage life and the supplier were requested to replace the ammunition with the stores filled with explosive having stipulated full life and conforming to the quality requirements. Since, the defect was found in as received condition in the period of guaranteed service life, the replacement of the articles was to be at the expenses of the supplier. However, the supplier rejected the Indian contention of ten years storage guarantee period stating that it was not in accordance with the contractual clauses

and also intimated the Ministry of Defence that storage period of ammunition being ten years in their country was not a factual statement because similar ammunition with the same year of production was held by their Army and without any restrictions on its combat use or storage. They further contended that all ammunition delivered under the contract were strictly inspected on corresponding design documentations and found suitable for long storage and combat use as it was stipulated by the contract. In fact, they had also offered to cancel the contract for remaining supplies in case the purchaser was not agreeable to their point of view which was not done considering the criticality of requirements. Eventually, on 24.11.1994, the supplier finally rejected the quality claims as being unjustified despite the issue being taken up with them several times. The Committee are distressed to point out that since the stipulated shelf life of the ammunition was not explicitly mentioned in the contract, our quality claims based on genuine and justifiable considerations could not be properly defended. In the opinion of the Committee, since the Ministry were fully aware of the fact that the ammunition were to be supplied ex-stock, adequate caution ought to have been taken to ensure that the ammunition ex-import would conform to the specifications. The Committee view the omissions on this score seriously and desire that the Defence authorities should take necessary precautions in similar contracts in the future. The Committee also desire that the Ministry of Defence should further examine the question of pursuing the quality claims with the supplier.

[Sl. No. 3, Para 39 of Appendix II to 92nd Report of PAC (10th LS)]

#### **Action Taken**

Necessary precautions in similar Contracts are being adopted. Instructions have also been issued to all Joint Secretaries in the Ministry of Defence to specifically provide in all future Contracts that the Stores supplied should be from current manufacture vide MOD's ID Note No. 7(4)93D (Proc), dated 18-5-95 (Annexure-I). Ministry of Defence has also examined the question of pursuing the Quality Claim. In view of ammunition having already been trial tested and continuing to be serviceable, it has been decided not to pursue the Quality Claim further.

[Ministry of Defence OM No. 7(4)/93/D (Proc)/Vol. II, dt. 26-9-95]

#### **Recommendation**

It is further disquieting to note that the contract executed with the Supplier for procurement of the ammunition did not contain any provision for pre-despatch inspection of the ammunition. The Committee were informed that non-insertion of the clause for pre-despatch inspection in the contract was *inter alia* influenced by single source of procurement of the item at that time, favourable prices, liberal credit facilities offered by the supplier etc. According to the Ministry, the contract provided for supply of specification-certificate of quality to ensure that only ammunition which

met the specification was supplied. They further contended that since the production of the ammunition had been stopped by the supplier in 1981 i.e. prior to placement of our orders, insertion of the clause for pre-despatch inspection would have been of no practical use. While the Committee agree that factors like prices, credit facilities etc. are relevant for the procurement decision, they are not convinced with the arguments adduced by the Ministry for their failure to incorporate a clause in the contract for inspection of the ammunition before despatch. The Committee are of the view that considering the criticality of requirements and the impossibility of the delivery of this ammunition ex-manufacture, it was imperative that pre-despatch inspection was undertaken in order to ensure that the ammunition supplied conformed to the specifications. The Committee consider it unfortunate that such a provision was not included in the relevant contract. They recommend that in the light of said experience, in this case, all possible steps be taken by the Ministry in future to suitably incorporate provisions for pre-despatch inspection in the contracts with a view to adequately protecting the country's interests.

[Sl. No. 4, Para 40 of Appendix II to 92nd Report of PAC (10th LS)]

#### **Action Taken**

Necessary instructions have been issued vide MOD ID Note dated 18-5-95 (Annexure-I)

[Ministry of Defence OM No. 7(4)93/D (Proc) Vol. II, dt. 26-9-95]

#### **Recommendation**

The Committee further note that the delegation which visited the supplier country for negotiating the contract had been provided with the brief which included that "the ammunition items were proposed to be delivered ex-stock, those were from unused stock, their vintage should be ascertained, they should not be of pre 1985-86 vintage, guarantee should be obtained about service life and stipulated in the contract etc. Evidently, all the points of the brief have not truly been reflected in the contract actually entered into with the supplier for the procurement of the ammunition. While admitting that the above brief could not be complied with, the Ministry of Defence stated that being an exceptional case involving a single source of supply, criticality of requirements as well as the assurance from the supplier that the ammunition was fit for combat use and storage, "must have weighed on the minds of the delegation to conclude the contract." The Committee desire that in the light of the experience in the present contract, the Ministry of Defence should look into this area of procurement and take necessary remedial steps for ensuring that all the requirements and specifications prescribed/identified are truly incorporated in the contracts in future.

[Sl. No. 5, Para 41 of Appendix II to 92nd Report of PAC (10th LS)]

### Action Taken

Necessary instructions have been issued to all Joint Secretaries *vide* MOD ID note dated 18-5-95 (Annexure-I)

[Ministry of Defence OM No.7(4)/93/D(Proc)/Vol.II, dt. 26-9-95]

### Recommendation

The Committee note that between 1988 and 1994 the ammunition had been examined more than once and the DGOA after chemical analysis has confirmed that upto May, 1995 the 1971 to 1975 manufactured ammunition will continue to be good and the post-1975 ammunition will be due for re-inspection only by 1996. At that re-examination the DGOA will carry out a detailed chemical analysis and confirm how much longer it can be used. The Ministry further intimated the Committee that based on some information furnished by the supplier, there is a possibility of prolonging the shelf life of the ammunition 15 years beyond the normal life of 10 years. The Committee would like to be apprised of the latest position in respect of the serviceability of the ammunition.

[Sl. No 6, Para 42 of Appendix II to 92nd Report of PAC (10th LS)]

### Action Taken

(a) Ammunition lots manufactured between 1971 to 1975 were again tested by DGOA in Oct. 93. Based on the satisfactory performance they have been certified to be serviceable till Oct. 1996.

(b) Proof/Tests of the subject ammunition pertaining to post 1975 manufacture by the DGOA have shown it to be serviceable. Its shelf life has been extended for two more years. The lots will be due for re-testing in May, 1997.

[Ministry of Defence OM No. 7(4)/93/D(proc)/Vol. II, dt.26-9-95]

### Recommendation

The Committee find that as per the provision review of 1.10.1986, as against a huge deficiency of 2,53,042 pieces, Government were able to sign contracts for 46,700 rounds of ammunition "A" only. The Committee were informed that the efforts to produce the ammunition indigenously also did not succeed. This resulted in the Director General of Ordnance Services (DGOS) imposing a 100% training restriction on the use of the ammunition in training so as to keep the ammunition as reserve since the stock levels had become critically low. Evidently, the whole system of planning and provisioning of the ammunition had badly suffered and had an adverse impact on training which is a matter of concern to the Committee. During evidence, the Defence Secretary admitted that there had been a shortage of the ammunition for the purpose of practice. The Committee however, been assured that apart from the indigenous efforts made, fresh tenders had also been floated in December, 1994 for procurement of the ammunition. The Committee trust that concerted efforts will be made by

the Ministry of Defence to improve the stock so as to make adequate provisions for meeting both training commitments as also the operational requirements. The Committee would like to be informed of the precise progress made in improving the stock of the ammunition.

[Sl. No. 7, Para 43 of Appendix II to 92nd Report of PAC (10th LS)]

#### **Action Taken**

Ministry of Defence has already signed a Contract with M/s Rosvoorouzhnie, Russia on 29-6-95 for supply of 26,000 rounds of FSAPDS Soft Core ammunition with an option clause for additional 26,500 rounds. The quantity of 26,000 rounds is expected to be received over the next few months and this would improve the stock position. Further production of indigenously developed ammunition which has been now successfully troop tested is also expected during 1996-97.

[Ministry of Defence OM No. 7(4)/93/D(proc)/Vol. II, dt.26-9-95]

#### **Recommendations**

As regards the indigenous efforts made, the Committee have been informed that Government started a Project in the Defence Research and Development Organisation (DRDO) for production of this ammunition as early as in 1984. However, the production could not materialise till date. Explaining the reasons for the inordinate delay in this regard, the Ministry stated that this Project took off in a slow manner since the priority allotted was for establishment of production of other varieties of ammunition. The Ministry were, however, hopeful that in another years' time or so the production of the ammunition will materialise. The Committee recommend that all out efforts should be made by the Ministry to fructify the indigenous Project at the earliest so as to generate its trickling effects in improving the stock position and the overall requirements of the Army. The Committee may be apprised of the progress made in this regard.

[Sl. No. 8, Para 44 of Appendix II to 92nd Report of PAC (10th LS)]

#### **Action Taken**

Initially development of 125mm FSAPDS (steel Core) ammunition for T-72 tank was undertaken by the DRDO. This was not productionised and the development of a "soft core" version with better performance capability was undertaken. Consequent upon successful User Trials of the ammunition, it has been decided to introduce this ammunition in Service. Indigenous production of this ammunition is expected to commence by 1996-97.

[Ministry of Defence OM. No. 7(4)/93/D(Proc)/Vol. II, dt. 26-9-95]

### **Recommendation**

The foregoing paragraphs reveal certain deficiencies in the procurement of ammunition 'A'. Pertinently, cases of import of old vintage ammunition from the same foreign supplier had figured in some of the earlier Reports of the C&AG, Defence Services as well. Significantly, the nature of the main Audit objection in those cases also related to lack of provision for pre-despatch inspection in the contracts resulting thereby in supply of ammunition either with short shelf life or shelf life expired. While assuring the Committee that remedial steps have since been taken by them, the Ministry of Defence have stated that, after 1990 they have been insisting on incorporating in the contract the year of manufacture and necessary details about the shelf life, performance specifications etc. in cases of procurement of ammunition so as to avoid future complications. The Committee believe that having learnt from the experience, the Government will take all the necessary remedial and preventive steps to obviate the chances of recurrence of such defective imports involving sizeable Governmental expenditure with a view to ensuring defence preparedness of the country.

[Sl. No. 9, Para 45 of Appendix II to 92nd Report of PAC (10th LS)]

### **Action Taken**

Necessary instructions have already been issued to all Joint Secretaries in Ministry of Defence *vide* MOD's ID Note 18-5-95 (Annexure-I), in pursuance of observations of the Committee made in Paras 39 to 41 of the Report. We are clearly indicating that the ammunition should be of current manufacture. Similarly minimum shelf life is also being insisted on in fresh contracts. The Committee may be assured that the Government has taken all necessary remedial and preventive steps to obviate import of defective ammunition. Moreover, with the successful development of indigenous ammunition, our dependence on imported 125mm FSAPDS ammunition would also come to an end soon.

[Ministry of Defence OM No. 7/(4)/93/D (Proc)/Vol. II, dt. 26-9-95]

**MINISTRY OF DEFENCE**

**D(PROC)**

**SUBJECT:—92nd Report (10th Lok Sabha) of the Public Accounts Committee on para 9 of the C&AG's Report for the year ended 31st March, 1993 regarding import of life Expired Ammunition.**

The Public Accounts Committee in its 92nd Report have *inter-alia* made the following observations:—

(i) Necessary precaution should be exercised by MOD in import contracts in future so as to ensure that the stores supplied should be of current manufacture.

(ii) All possible steps should be taken by the Ministry in future to suitably incorporate provisions of pre-despatch inspection in contracts in order to ensure that the stores supplied conform to the specifications.

(iii) Necessary remedial steps should be taken by MOD for ensuring that all the requirements and specifications prescribed/identified are truly incorporated in the future contracts.

2. All addressees are requested to take note of these observations of the Committee and ensure strict compliance with these suggestions in future.

3. This issues as per the directions of Defence Secretary.

(ALOK RAWAT)  
DIRECTOR (PROC)

(i) All Joint Secretaries in Deptt. of Defence

(ii) All Joint Secretaries in Deptt. of Defence Prodn. & Supplies.

---

M of D I.D.No. 7(4)/93/D(Proc), dated 18.5.1995

**CHAPTER III**

**RECOMMENDATIONS/OBSERVATIONS WHICH THE  
COMMITTEE DO NOT DESIRE TO PURSUE IN  
THE LIGHT OF THE REPLIES RECEIVED  
FROM GOVERNMENT**

**-NIL-**

**CHAPTER IV**

**RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH  
HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND  
WHICH REQUIRE REITERATION**

**NIL**

**CHAPTER V**

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH  
GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

**—NIL—**

**NEW DELHI;**  
**23 February, 1996**  

---

**4 Phalguna, 1917 (Saka)**

**RAM NAIK,**  
**Chairman,**  
**Public Accounts Committee.**

## APPENDIX

### *Statement of Recommendations/Observations*

Sl. No.	Para No.	Ministry/ Deptt. Concerned	Recommendations/Observations
1	2	3	4
1.	7	Ministry of Defence	<p>In their earlier Report, the Committee had pointed out certain deficiencies in the contract concluded by the Government with a foreign supplier for procurement of ammunition 'A'. These were mainly lack of the provision for pre-despatch inspection, absence of stipulated shelf-life of the ammunition and above all, failure to incorporate all the performance specifications in the contract. The ammunition supplied in pursuance thereof was shelf-life expired and had raised serious doubts about its future serviceability. Expressing their concern over this, the Committee had urged upon Government to take all the necessary remedial and preventive steps to obviate chances of recurrence of such defective imports involving sizeable governmental expenditure with a view to ensuring defence preparedness of the country. The Committee note that in pursuance of their recommendations the Ministry of Defence have issued instructions seeking to eliminate the deficiencies in such types of contracts in future. The Ministry have assured the Committee that Government have taken all necessary remedial preventive steps to obviate import of defective ammunition. The Committee desire that the contents of all such instructions issued should be suitably codified for scrupulous compliance and steps taken to ensure accountability in the procurement of defence items in future.</p>

---

1	2	3	4
2.	10	<b>Ministry of Defence</b>	<b>In their earlier Report, the Committee had observed that though the Government started a Project in the Defence Research and Development Organisation for production of the ammunition 'A' as early as in 1984, the production was inordinately delayed. The Committee had, therefore, recommended that all out efforts should be made by the Ministry of Defence to fructify the indigenous Project at the earliest so as to generate its trickling effects in improving the stock position and the overall requirements of the Army. In their Action Taken Note, the Ministry have stated that indigenous production of this ammunition is expected to commence by 1996-97. The Committee trust that sustained efforts will be made by the Ministry to ensure that production of the ammunition is not further delayed.</b>

---

## PART II

### MINUTES OF THE TWENTY-FIRST SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1995-96) HELD ON 8 FEBRUARY, 1996

The Committee sat from 1500 hrs. to 1615 hrs. on 8 February, 1996 in Committee Room 'C', Parliament House Annexe, New Delhi.

#### PRESENT

Shri Ram Naik—*Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Kumari Mamata Banerjee
3. Shri Anil Basu
4. Shri Dileep Singh Bhuria
5. Shrimati Maragatham Chandrasekhar
6. Shri Gopi Nath Gajapathi
7. Dr. K.D. Jeswani
8. Maj. Gen. (Retired) Bhuwan Chandra Khanduri
9. Shri Peter G. Marbaniang
10. Shri Shravan Kumar Patel
11. Shri V. Krishna Rao

##### *Rajya Sabha*

12. Shri Triloki Nath Chaturvedi
13. Shri Misa R. Ganesan
14. Shri Ajit P.K. Jogi
15. Shri G.G. Swell

#### SECRETARIAT

1. Smt. P.K. Sandhu — *Director*
2. Shri P. Sreedharan — *Under Secretary*

#### REPRESENTATIVES OF AUDIT

1. Shri A.K. Thakur — *Pr. Director (Reports Central)*
  2. Shri Vikram Chandra — *Pr. Director (Indirect Taxes)*
  3. Smt. S. Ghosh — *Director (Customs)*
2.                   ...                   ...                   ...
3. The Committee thereafter considered the following draft Reports:



*Annexure*

**AMENDMENTS/MODIFICATIONS MADE BY THE PUBLIC ACCOUNTS COMMITTEE IN THE DRAFT REPORT RELATING TO IMPORT OF LIFE EXPIRED AMMUNITION AT THEIR SITTING HELD ON 8 FEBRUARY, 1996.**

---

<b>Page</b>	<b>Para</b>	<b>Line</b>	<b>Amendments/Modifications</b>
4	7	10—12	Substitute "Ministry ..... note of" by "contents of all such instructions issued should be suitably codified for scrupulous compliance and steps taken to ensure accountability in the procurement of defence items in future."

---

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
<b>ANDHRA PRADESH</b>		<b>UTTAR PRADESH</b>	
1.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500 306.	12.	Law Publishers, Sardar Patel Marg, P. B. No. 77, Allahabad, U.P.
<b>BIHAR</b>		<b>WEST BENGAL</b>	
2.	M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar)	13.	M/s. Madimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1
<b>GUJARAT</b>		<b>DELHI</b>	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T. No. 79065)	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi-110 001. (T. No. 351663 & 350806)
<b>MADHYA PRADESH</b>		15.	M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110 006. (T.No. 2915064 & 230936)
4.	Modern Book House, Shiv Vilas Place, Indore City. (T. No. 35289)	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110 001. (T. No. 3315308 & 45896)
<b>MAHARASHTRA</b>		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T. No. 7112309)
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.	18.	M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar, Old Double Storey, New Delhi-110 024. (T. No. 6412362 & 6412131)
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110 011. (T. No. 344448, 322705, 344478 & 344508)
9.	M & J Services, Publishers, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele Road Nalgaum, Dadar, Bombay-400 014.	22.	M/s. Amrit book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Service India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.	23.	M/s. Books India Corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T. No. 269631 & 714465)
<b>TAMIL NADU</b>		24.	M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110 002.
11.	M/s. M.M. Subscription Agencies, 14th Murali Street, (1st Floor), Mahalingapuram, Nungambakkam, Madras-600 034. (T. No. 476558)		

