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**STANDING COMMITTEE  
ON DEFENCE  
(2004-05)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF DEFENCE**

*[Action Taken by the Government on the Recommendations contained in the  
1st Report of the Committee (Fourteenth Lok Sabha) on the Demands  
for Grants of the Ministry of Defence for the year 2004-2005]*

**THIRD REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 2005/Vaisakha, 1927 (Saka)*

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*Presented to Lok Sabha on 26.4.2005  
Laid in Rajya Sabha on 26.4.2005*



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NEW DELHI

*April, 2005/Vaisakha, 1927 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE  
ON DEFENCE (2004-05)

Shri Balasaheb Vikhe Patil—*Chairman*

MEMBERS

*Lok Sabha*

2. Shri Churchill Alemao
3. Shri Iliyas Azmi
4. Shri A.V. Bellarmin
5. Shri Suresh Chandel
6. Shri Thupstan Chhewang
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*Rajya Sabha*

22. Shri R.K. Anand
23. Dr. Farooq Abdullah
24. Gen. (Retd.) Shankar Roy Chowdhury

(iv)

25. Shri T.T.V. Dhinakaran
26. Smt. N.P. Durga
27. Shri Janardan Dwivedi
28. Shri Pramod Mahajan
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SECRETARIAT

1. Shri P.D.T. Achary — *Secretary*
2. Shri M. Rajagopalan Nair — *Additional Secretary*
3. Shri P.K. Bhandari — *Director*
4. Smt. Anita Jain — *Deputy Secretary*
5. Shri D.R. Shekhar — *Under Secretary*
6. Smt. Jyochnamayi Sinha — *Committee Officer*
7. Shri Nilendu Kumar — *Senior Executive Assistant*

## INTRODUCTION

I, the Chairman, Standing Committee on Defence (2004-05) having been authorised by the Committee to submit the Report on their behalf, present this Third Report on Action Taken by the Government on the recommendations contained in the First Report of the Committee (Fourteenth Lok Sabha) on the Demands for Grants of the Ministry of Defence for the year 2004-2005.

2. The First Report was presented/laid on Lok Sabha/Rajya Sabha on 19 August, 2004. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 17 January, 2005. The Draft Report was considered and adopted by the Standing Committee on Defence (2004-05) at their sitting held on 19 March, 2005.

3. An analysis of action taken by the Government on recommendations contained in the First Report of the Standing Committee on Defence (Fourteenth Lok Sabha) is given in Appendix.

4. The Committee have expressed unhappiness over the replies given by the Government regarding the supply of items of personal use, including clothing by the soldiers serving in high altitude area like Siachin have made for reaching recommendations.

5. The Committee have taken a serious note of the use of vintage and obsolete mines leading to the casualties of our soldiers. The Committee has made recommendations so that such incidents are not repeated again.

6. For facility of reference and convenience, the observations/recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;  
21 April, 2005  
1 Vaisakha, 1927 (Saka)

BALASAHEB VIKHE PATIL,  
*Chairman,*  
*Standing Committee on Defence.*

## CHAPTER I

### REPORT

The Report of the Standing Committee on Defence deals with action taken by the Government on the recommendations/observations contained in their First Report (Fourteenth Lok Sabha) on the Demands for Grants of Ministry of Defence for the year 2004-2005 which was presented to Lok Sabha/laid on the Table of Rajya Sabha on 19 August, 2004.

2. In the First Report (Fourteenth Lok Sabha), the Committee had made 62 observations/recommendations on the following subjects:

Sl. No.	Para No.	Subject
1	2	3
1.	30, 31, 32 & 33	Defence Expenditure
2.	40, 41, 42 & 43	Defence Modernisation Fund
3.	47 to 52	Tenth Defence Plan
4.	63 to 66	Defence Procurement Board
5.	77 & 78	Chief of Defence Staff (CDS)
6.	83	National War Memorial and War Museum
7.	88 to 90	Establishment of Indian National Defence University (INDU)
8.	98 to 101	Shortage of Army Personnel
9.	105	Facilities to Ex-Servicemen—One Rank One Pension
10.	109 to 111	Information and Electronic Warfare
11.	116 to 120	Casualties in Operation Parakram
12.	125 & 126	Bharat Dynamics Limited



1	2	3
13.	133,134 & 135	Ordnance Factories
14.	141 & 142	Supply of Sub-Standard Ammunition
15.	152,153 & 154	Budgetary Support to Naval Dockyard
16.	161 & 162	Modernisation of Cost Guard
17.	170 to 173	Procurement of Multi-role Fighter Aircraft
18.	176 & 177	Aerospace Command
19.	178-181	Air Surveillance
20.	187 & 188	Development of Advanced Avionic System
21.	192 & 193	Precision Guidance Capability

3. Action taken Notes have been received from the Government in respect of all the recommendations/observations contained in the Report. These have been categorised as follows:

- (i) Recommendations/Observations which have been accepted by Government:

Sl. No. 52-,63-66, 100-101, 125-126, 133-135, 141-142, 152-154, 161-162, 170-172, 173, 179-181, 187-188, 192-193

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies:

Sl. No. 77-78

- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee:

Sl. No. 30-33, 40-43, 47-51, 98-99, 116-120

- (iv) Recommendations/Observations in respect of which final replies of Government are still awaited:

Sl. No. 83, 88-90, 105, 109-111, 176, 177

4. The Committee will now deal with the action taken by the Government on some of their recommendations as contained in Chapter-1 of this report.

### **Defence Expenditure**

#### **Recommendation (Para No. 30-33)**

5. The Committee noted that the Budget Estimates for the Defence Services at Rs. 77,000 crore for the year 2004-2005 showed an increase of 17.92 percent over the Budget Estimates of Rs. 65,300 crore and an increase of 27.69 percent over the Revised Estimates of Rs. 60,300 crore for the year 2003-2004. The increase had been mainly in Capital expenditure which had increased from Rs. 20,953 crore (approx.) in Budget Estimates in 2003-2004 to Rs. 33,483 crore (approx.) in Budget Estimates in 2004-2005.

The Committee also noted that notwithstanding the higher allocation the Minister of Defence had stated that his Ministry might have to seek additional funds from the Ministry of Finance later in the year. This had to be viewed in the context that the Ministry had projected a requirement of Rs. 86,457 crore to Ministry of Finance for providing for obligatory charges, essential maintenance needs, committed liabilities and prioritised new schemes of the Defence Services. The projections included an amount of Rs. 6,918 crore for prioritised new schemes/projects. The Committee were informed during the evidence that almost the entire amount allocated for Capital expenditure would be spent on committed liabilities due to agreements signed recently for procurement of defence equipments leaving only about Rs. 1,000 crore for the new schemes/acquisitions.

The Committee were deeply concerned to note that not only the amount available with the Ministry on account of Capital expenditure after adjusting the committed liabilities was hardly adequate for taking up any new projects/schemes but several schemes/projects which were at various stages of finalisation would also have to be deferred.

The Committee had, therefore, recommended the Ministry to assess the situation in the light of likely impact of reduced allocations on the new schemes and ongoing acquisition proposals and approach the Ministry of Finance for supplementary allocations at the earliest to ensure that the modernisation plans and procurement of essential

equipments did not suffer or were delayed merely because of squeezing of funds.

6. The Ministry, in their Action Taken reply has stated that:

“The modernisation of the defence forces is an ongoing process and the Finance Minister in his budget speech has also stated that the Government is determined to eliminate all delays in modernisation of Defence Forces. Having regard to the trend of defence capital expenditure in recent years, the allocation for defence has been increased to Rs. 77,000 crore, as against Rs. 65,300 crore in BE 2003-04 which includes an allocation for capital expenditure of Rs. 33,483 crore as against Rs. 20,953 crore in BE 2003-04. Ministry of Defence will also continue to progress modernisation schemes up to the points where it needs financial approval of the Government. If some delays on the part of the suppliers or some slippage takes place, the Ministry would progress new projects/schemes out of available allocation. The progress of defence expenditure and the status of ongoing new schemes would, however, also be kept under constant review during the financial year and the Ministry of Finance would be approached for additional fund, as and when required.”

#### **Comments of the Committee**

7. The Committee are not satisfied with the reply of the Government. The Committee had expressed concern that the entire amount allocated for capital expenditure would be spent over committed liabilities due to agreements signed recently for procurement of defence equipments leaving only about Rs. 1,000 crore which was hardly adequate for taking up new schemes/projects which are at various stages of finalisation. The Committee had, therefore, recommended the Ministry to approach the Ministry of Finance for additional allocation so that modernization plan and procurement of essential equipments did not suffer.

The Committee are unhappy to note that instead of approaching the Ministry of Finance for supplementary allocation the Ministry of Defence has felt contented to bank on delays on the part of suppliers or some slippage taking place in already concluded contracts so that Ministry could progress new projects out of available allocation. This shows a casual approach on the part of Ministry to

**pursue for higher allocation with the Ministry of Finance and goes contrary to Government resolve to eliminate all delays in Defence Modernisation.**

**The Ministry should assess their demand and formulate a long term perspective plan and work out a schedule for upgradation/modernisation of their hardware including procurement and purchases adhering to the time schedule.**

#### **Defence Modernisation Fund**

##### **Recommendation (Para Nos. 40-43)**

8. The Committee noted that during the last five years, i.e. from 1999-2000 to 2003-2004, substantial allocations amounting to Rs. 32,740.26 crore for Capital expenditure had lapsed due to non fructification of the defence modernisation and procurement plans. The Committee were conscious that the modernisation of the defence services was a continuous process and the acquisition proposals which did not or could not fructify in a financial year were processed/ finalised in subsequent years but felt that the ritual of approaching the Ministry of Finance, every financial year, for re-allocation of lapsed fund for the same project, was dilatory and completely redundant. The Committee also felt that under-utilisation/non-utilisation of allocations did not augur well for defence preparedness and seriously undermined the capabilities of the Defence Forces. The Committee had, therefore, in their earlier reports strongly recommended for the creation of a non-lapsable Defence Modernisation Fund as one of the measures to streamline the procurement procedures.

The Committee were informed subsequently that the Ministry of Finance had in principle agreed to the creation of the Defence Modernisation Fund which would be available for utilisation over the coming three years.

The then Finance Ministry while presenting the Interim Budget, 2004-2005 also announced the setting up of a non-lapsable Defence Modernisation Fund with a corpus of Rs. 25,000 crore to commit the availability of adequate funds for the defence modernisation and weapons systems acquisitions. The Ministry had however surprisingly conveyed that no allocation for this fund had been made in General Budget 2004-2005 and that the Government had yet to take a decision to set up the said fund.

The Committee were extremely dismayed at this abrupt policy reversal by the Ministry and expressed their deep anguish that a well considered decision which was taken after a lot of deliberations had been reversed without any justifiable reason. The Committee, therefore, desired the Ministry to set up at once the Defence Modernisation Fund with committed allocations for a period of five years as lapsing of funds year after year had greatly hampered procurement of defence equipments and the modernisation plans of the Defence Forces. The progress of utilisation of funds needed to be closely monitored and periodically reviewed with corrective action taken to ensure that the objectives of the fund were fully achieved.

9. The Ministry, in their Action Taken Reply, has stated that the modernisation of Defence Forces is an ongoing process and under-utilisation of funds in a financial year does not result in dropping of any proposal. In order to fully utilise the allocated funds, the progress of Defence expenditure and status of various procurement proposals is kept under constant review and follow up action, as necessary, is taken. With a view to synergism efforts involved in procurement and to speed up the decision making process a new procurement organisation has been established to deal with acquisitions on capital account for the Defence Services.

The primary concern, which was sought to be addressed with the creation of Defence Modernisation Fund, was the assured availability of funds for modernisation schemes of Defence Forces, which were catered for in one year's budget but did not materialise in that year. The problems of adequacy or otherwise as also utilisation or otherwise of annual capital budget can best be addressed by ensuring that Five Year Defence Plan is firmed up before the commencement of Plan period and Finance Ministry indicates broad annual break up availability of funds for the five years at the beginning itself.

However, keeping in view the under utilisation of funds during the past few years, the Standing Committee on Defence in their earlier Reports had recommended creation of a non-lapsable Defence Modernisation Fund and to expedite the formulation of modalities and procedures for its operationalisation. The Ministry of Defence, with the approval of Ministry of Finance, drew up a detailed accounting procedure for operationalising the Defence Modernisation Fund and sent the proposal for approval to the concerned authorities including Comptroller & Auditor General of India.

It emerged while formulating the modalities for creation/ operationalisation of the Defence Modernisation Fund in consultation with the concerned authorities that the unspent funds in the Defence Modernisation Fund would not be automatically available to the Ministry of Defence for utilisation in a subsequent financial year. Ministry of Defence would be required to seek the approval of Ministry of Finance and Parliament at the stage of Budget Estimates as well as for any Supplementary Demands for Grants for utilisation of funds out of Defence Modernisation Fund. This would imply that Ministry of Defence would not be able to decide on its own about the utilisation of the balance amounts in the Defence Modernisation Fund and would necessarily have to take the approval of Ministry of Finance and Parliament. Further, replenishment of such a Modernisation Fund would also be limited by the overall availability of resources with the Ministry of Finance in a financial year. In other words, the overall resource constraints of the Ministry of Finance will have a decisive impact on the amounts to be transferred to the Modernisation Fund and utilisation of balances in the Fund. This has also been the experience in operating other such funds.

In this backdrop, the utility of Defence Modernisation Fund in addressing the issue of assured availability of funds will be rather limited and hence the proposal is not being pursued further for the present. However, the Ministry of Defence will continue to Strive to ensure availability of funds commensurate with the needs of the Defence Services for their modernisation programmes year after year.

#### **Comments of the Committee**

**10. The Committee are not convinced by the reply of the Government. The Committee note that Government has not favoured the creation of Defence Modernisation Fund on the ground that the utility of Defence Modernisation Fund in addressing the issue of assured availability of funds would be rather limited since unspent funds of Defence Modernisation Funds would not be automatically available to the Ministry of Defence for utilization in subsequent financial year and the Ministry of Defence would be required to seek approval of Ministry of Finance and Parliament for its utilization.**

**The Committee are of the strong view that the creation of DMF is a matter of urgent necessity in the wake of ongoing modernisation programme of defence forces. They feel that the utility of DMF can**

be improved by making relevant changes in the rules for operationalisation of the Fund so that the Ministry do not have to seek approval of the Ministry of Finance/Parliament every year for utilising money out of the fund, which the Parliament had approved earlier. The Committee, therefore, strongly urge upon the Ministry of Defence to reconsider the decision and process the creation of DMF with suitably changed modalities in Consultation with the Ministry of Finance so that the modernisation programme can be carried forward smoothly at the desired pace without any need to seek the Parliamentary approval again and again.

#### **Tenth Defence Plan**

(Para Nos. 47 to 52)

11. The Committee expressed their serious concern that despite half of the plan period was over, the Tenth Defence Plan (2002-2007) had not yet been finalized. The reasons for delay, as stated by the Ministry was a lack of firm commitment from the Ministry of Finance, even on revised projection made after a detailed review within the Ministry of Defence and Service Headquarters. The Committee in their earlier report had stressed upon the urgency to finalize and to put into effect the Tenth Plan without further loss of time.

The Committee were not convinced with the sketchy reasons advanced by the Ministry for delays and felt that the Ministry had neither shown any urgency nor followed up with the Ministry of Finance to get the firm commitment of funds to finalise the Plan. The Committee were not happy with the planning mechanism in the Ministry which had moved only at a snails' pace and consequently with no result even after the lapse of one more year, precipitating a situation with no approved Defence Plan to speak of even in the third year of the Plan period.

The Committee were surprised to note that the actual allocations during first three years of the Tenth Defence Plan were much below the projected requirements of Defence Services. The Committee were constrained to visualize that reduced allocations *vis-a-vis* projections might curtail even essential procurement and modernisation plans.

The Committee did not need to emphasize that yearly allocations were no substitute for long term plan commitments and were therefore, concerned that avowed objectives of the Plan would face severe set-backs affecting the overall defence capabilities in case it was not finalised immediately.

The Committee had, therefore, recommended that finalization of the Tenth Defence Plan with committed allocations should be taken up at the highest level with the Ministry of Finance so that the process of the restructuring, upgradation and modernisation of Armed Forces in the areas of infrastructure as well as equipment was carried forward, thereby enhancing the defence capabilities at the desired pace.

The Committee also recommended that the Ministry should prepare a 15 year road map with long term strategic vision for modernisation and acquisition plans for Defence Services indicating the budgetary support required therefore as to enable the Ministry of Finance to appreciate the long term objectives concerning defence preparedness. The Committee liked to be apprised of the progress made in this regard within three months.

12. The Ministry in Their Action Taken reply have stated That:

“The Ministry of Defence has energetically pursued the allocation of funds for defence in the Tenth Plan with the Ministry of Finance with a view to bridging the gap between the projections made by the Ministry of Defence and the availability of funds indicated by the Ministry of Defence without affecting the country’s defence preparedness. The projections of the Ministry of Defence for the Tenth Defence Plan were reviewed thrice between March 2003 and July 2004 bearing in mind the needs of defence modernization and the likely constraints to the availability of funds for defence in the Tenth Plan. The Ministry of Finance have now agreed in principle to the latest projection made by the Ministry of Defence of Rs. 4,18,101 crore. However, a firm indication of annual outlays for the remaining two years of the 10th Plan has not yet been given by the Ministry of Finance.

Meanwhile, in the absence of a formal approval of the allocation for defence in the Tenth Plan, defence planning has been harmonized with the allotments for defence in the annual budget of the Government. Actual expenditures in 2002-2003 and 2003-2004 were Rs. 55,662 crores and 60,300 crores respectively. An allocation of Rs. 77,200 crores has been made in the Budget Estimate for 2004-2005 against a projection of Rs. 90,928 crores. About 11,000 crores additional funds have been allocated beyond the Budget Estimate for the capital head.



The projected expenditures in 2005-2006 and 2006-2007 are Rs. 1,00,960 crores and 1,10,251 crores respectively.

While some compromises are inevitable in the absence of a formally approved Plan, every effort has been made to ensure that the annual budgets have been utilized in accordance with the Plan projections of the Ministry of Defence and that any negative impact on ongoing modernization, infrastructure development and procurements of equipment is minimized. Ongoing projects and commitments have been reviewed and prioritized so that the main objective of the Tenth Defence Plan to carry forward the process of modernization of the Armed Forces is not adversely affected keeping in mind the competing demands for limited resources, and the requirements of funds for committed liabilities and new schemes. A modest outlay of over Rs. 950 crores has been made for new schemes for the Army. The directions of the Raksha Mantri are that the Ministry of Defence should continue to process new modernization schemes, and if need be, additional funds can be sought for at the Revised Estimate stage.

As regards the planning process, the Government has taken a number of measures to improve the structure, process and procedure relating to defence planning based on the recommendations of Group of Ministers on 'Reforming the National Security System'. The preparation of Long Term Plans, Five Year Defence Plans and Annual Budgetary proposals have been brought under the newly established Integrated Defence Staff (IDS) to bring about greater inter-service coordination in planning. The IDS also interacts closely with Defence (Finance) in the formulation of Plans and Budgets.

The Government has set up a Defence Acquisition Council headed by the Raksha Mantri and consisting of Raksha Rajya Mantri (s), the three Service Chiefs and Defence Secretary, Secretary (Defence Finance), and Secretary (Defence Production) to assist the Raksha Mantri in taking decisions in the totality of the new planning process, including capital acquisitions and major modernization projects. The Government has also set up a dedicated institutional structure for defence procurement, the Defence Procurement Board, headed by the Defence Secretary for acquisitions on the capital account. Planning processes have been further tightened under budgetary pressures and the need to establish greater synergy and jointness amongst the Armed Forces. This has also necessitated greater coordination in planning and procurements among the three services.

A draft Long-Term Integrated Perspective Plan ( LTIPP) covering the 15-year period from the Tenth to the Twelfth Plan (2002-2017) was formulated in June 2004 in consultation with the three services. Since more than two years of the current Tenth Plan period have already elapsed, a new approach paper has been made formulating a Long-Term Integrated Perspective Plan (LTIPP) covering the period from 2007-2022. This Plan is expected to be finalized by the Integrated Defence Staff by last quarter of 2005.

#### **Comments of the Committee**

**13. The Committee express their serious concern that despite their strong recommendation for an immediate finalisation of Tenth Defence Plan with committed allocation, there has been little progress with no firm Indication of annual outlays for the remaining 2 years of Tenth Defence Plan by the Ministry of Finance. The Committee understand now the Ministry of Finance has agreed to an outlay of Rs. 4,18,000 crore in December, 2004. The Committee note with serious concern that the Ministry has itself admitted that some compromises are inevitable in the absence of formally approved plan and efforts have been made to minimize any negative impact on the ongoing modernization infrastructure development and procurement of equipments. The Committee feel that it tantamounts to compromising the security concerns of the nation. The Committee, therefore, desire that the Government should immediately finalise the Tenth Plan with firm indications of funds for the remaining years of Tenth Plan without any delay so that the modernisation process can proceed smoothly. The Committee expect the Ministry of Defence to fully utilise the balance outlay in the remaining two years in the Tenth Five Year Plan. The proposed plan may also be submitted to this Committee for information. The Government should immediately finalise the plan by making all out efforts to fully achieve the revised targets, both physical and financial.**

**Chief of Defence Staff (CDS)**

**(Para Nos. 77 & 78)**

14. The Committee noted that the Government had constituted a Group of Ministers (GoM) in April 2000 to thoroughly review the National Security System. One of the major recommendations of the GoM was the establishment of the post of Chief of Defence Staff (CDF). The recommendations of the GoM were approved by the Government with the modification that before a view was taken on

the recommendations relating to the institutions of CDS, various political parties might be consulted. The Committee were, however, surprised to note that the Government had yet not come to any decision on the post of CDS even after the lapse of more than three years. The Committee liked to stress that the coordination and synergy amongst the Armed Forces, Service Headquarters and the Ministry of Defence was extremely vital for expeditious decision-making and also for enhancing the capabilities of our Defence Forces. The existing structure for higher defence management, *viz.* the Chiefs of Staff Committee had not been able to optimally perform their role and functions in bringing together and promoting coordination amongst the Services. The Committee were constrained to observe that the Ministry had learnt no lesson from the setbacks of Kargil and success of India's first Theatre Command, *viz.*, Unified Andaman & Nicobar Islands Command.

The Committee, therefore, liked the Ministry to urgently take a view on the recommendations of the GoM to ensure the immediate establishment of the Chief of Defence Staff.

The Ministry in their Action Taken Reply have stated that:

“While it is true that a decision on the institution of a CDS has not yet been taken in view of the complexities and sensitivities involved and the need for wider consultation with political parties, a number of steps have been taken to achieve the basic objectives behind the creation of such a post notably, to improve ‘jointness’, synergy and coordination between the three Services, rationalize planning and optimize expenditure on defence, strengthen the higher defence management, and expedite decision-making. Pending a decision on the creation of the post of Chief of Defence Staff (CDS), an Integrated Defence Staff has been set up under the Chief of Integrated Defence Staff to the Chiefs of Staff Committee (CISC) to support the Chiefs of Staff Committee and its Chairman in the optimum performance of its roles and functions, and bringing together and coordinating several functions common to the Services. Planning functions, including the formulation of Long Term and Five Year Plans and Annual Budgets have been brought under the Integrated Defence Staff. Tri-Service bodies promoting ‘jointness’ and ‘synergy’ among the Armed Forces have been set up like the Defence Intelligence Agency (DIA), the Strategic Forces Command (SFC) and the Andaman and Nicobar ‘Theatre’ Command.

Individual Service Headquarters have been re-designated and integrated to the Ministry of Defence as part of the 'Integrated Headquarters of the Ministry of Defence'. These steps have brought about a significant progress in promoting a culture of jointness, and better coordination and synergy amongst the Armed Forces and between the Armed Forces and the Ministry of Defence that was demonstrated in the response and handling of rescue, relief and rehabilitation efforts to deal with the December 26, 2004 Tsunami.

[MoD, OM No. H-11013/3/2004/d (Parliament) dated 17.1.2005]

#### **Comments of the Committee**

**16. The Committee appreciate the coordination of Armed Forces in the handling of the rescues and relief operations urgently necessitated by the recent devastation caused by "Tsunami". The Committee further note that to improve synergy and coordination between the three Services the Ministry have created a number of institutions like Integrated Defence Staff, Tri-Service bodies like the Defence Intelligence Agency (DIA), the Strategic Forces Command and the Andaman & Nicobar Theatre Command to achieve the basic objectives behind the establishment of the Chairman/Chief of Defence Staff.**

The Committee, however, in their First Report had expressed the view that the existing structure of defence management has not been able to optimally perform their role and functions in promoting coordination amongst the Services and had therefore recommended for immediate establishment of CDS. The Committee note that the Government has not yet taken any decision in the institution of a Chairman/Chief of Defence Staff because of its complex and sensitive nature.

The post of Chairman/Chief of Defence Staff is very much essential for better management of national security.

#### **National War Memorial and War Museum**

##### **Recommendation (Para No. 83)**

17. The Committee were constrained to note that despite their repeated recommendations for early construction of a National War Memorial and National War Museum, no progress had been made in this regard. The Committee were surprised that though the matter

had been vigorously pursued at the Minister's level, no site/land had been indicated/allocated by the Ministry of Urban Development for the purpose. The Committee, while expressing their displeasure at the lackadaisical attitude of the Government in the construction of these symbols of national pride had, recommended that a high-level Inter-Ministerial Committee might be constituted immediately to identify a suitable site for construction of these projects to enable the indebted Nation to honour and pay its tribute to the sacrifice and sentiments of thousands of martyrs who laid down their lives for the sake of their motherland.

18. The Ministry in their Action Taken Reply have stated that:

"The issue relating to allotment of land for construction of National War Memorial and National War Museum has been taken up with the Ministry of Urban Development. However, the allotment could not materialize. The Secretary, Ministry of Urban Development took a meeting on 02-12-2004, in which the representatives from Ministry of Defence, NDMC, Delhi Urban Arts Commission & CPWD were called. The Secretary Urban Development indicated that a decision would be taken after examining the new concept of National War Memorial proposed by the Ministry of Defence. For construction of National War Museum be advised the Ministry of Defence to locate suitable land in Delhi Cantonment Area or elsewhere within the National Capital Region.

As recommended by the Standing Committee on Defence, the Cabinet Secretariat is being requested to constitute an Inter-Ministerial High Level Committee to identify and allot suitable land for construction of National War Memorial and National War Museum."

#### **Comments of the Committee**

**18. The Committee are happy to note that the Ministry of Defence has taken up the matter with the Cabinet Secretariat to constitute an Inter-Ministerial High Level Committee to identify and allot suitable land for construction of National War Memorial and National War Museum. The Committee desire that the High Level Committee as proposed may be constituted immediately to identify a suitable site for construction of these symbols of national pride without any further delay and the progress made in this regard should be reported to the Committee.**

**Establishment of Indian National Defence University (INDU)****Recommendation (Para Nos. 88 to 90)**

19. The Committee noted that the demand for setting up of a Indian National Defence University (INDU) was under the consideration of the consideration of the Ministry for the last two years as thorough deliberations and analysis of a large number of issues was required. The existing institutions like College of Defence Management, Defence Services Staff College, National Defence Academy, National Defence College, apart from three Services were to be consulted. The setting up of the University also encompassed the structural changes required to tackle The issues of integration of the course of studies in the proposed University with the existing training methodologies and systems in the Armed Forces.

The Committee felt that the fast changing world security scenario and advancement in defence technology underlined the growing importance of specialised defence studies and analysis in a professional manner. The Committee, therefore, desired the Ministry to expedite the setting up of the Indian National Defence University so that the required number of defence and security experts were available to assist the Ministry, defence institutions and allied industries in formulating strategies and plans.

The Committee also desired that while setting up the University, the Ministry should take measures so that cross discipline studies were promoted. In the meantime, the Ministry also needed to ensure the degree and certificates awarded by the various defence institutions were universally recognised and the proposed University could meet this requirement.

20. The Ministry in their Action Taken reply have stated that:

“The various recommendations given by the Committee on the National Defence University (CONDU) are under examination in the Government in consultation with the Ministry of Finance and a detailed project report to this effect is under preparation. The recommendations of the Committee include the establishment of a number of new institutions and programmes within the Indian National Defence University (INDU). Some of the existing institutions like College of Defence Management (CDM), Defence Services Staff College (DSSC), National Defence Academy (NDA) and National Defence College (NDC) are proposed to be incorporated into INDU.

The structural changes required to integrate course studies in INDU with existing training methodologies and systems in the Armed Forces would also be addressed.

The fact that the world over, 'Defence studies' is a faculty in many established universities coupled with the sizeable costs involved in setting up of the INDU as envisaged, present an alternative scenario to the setting up of the INDU. The matter, thus, requires detailed examination and deliberation on the various issues involved in which the Ministry of Defence is at present engaged.

As per the existing norms, various Defence training institutions are affiliated to universities which are universally recognized, and degrees and diplomas are awarded on completion of training. For instance the NDA, Khadakwasala is affiliated to the Jawaharlal Nehru University (JNU), which awards BSc/ BA degrees to successful cadets. Similarly, the Army War College (AWC), Mhow and Infantry School, Mhow are affiliated to the Indore University which in turn awards degrees/diplomas. Along the same line, DSSC, Wellington is affiliated to the Madras University and Military College of Telecommunication Engineering (MCTE), Mhow is affiliated to the JNU, which in turn awards degrees on successful completion of the training courses.

#### **Comments of the Committee**

**22. The Committee feel satisfied to note that the Ministry of Defence has taken positive initiatives on the setting up of Indian National Defence University (INDU), National Institute of Defence and Strategic Studies and the detailed examination of the various issues involved therein is in progress. The Committee, therefore, strongly wish that the Ministry of Defence should finalise the norms and modalities for setting up the INDU expeditiously in order to streamline the specialised defence study and facilitate the Ministry of Defence and the armed forces by providing inter disciplinary professional expertise within a year or two. It is not a time consuming process since all other facilities are existing. Human resource development and upgradation of defence forces are closely linked with the creation of this University. This can facilitate the training for the officials and civilians in defence management.**

#### **Shortage of Army Personnel**

##### **Recommendation (Para No. 99)**

23. The Committee were convinced that the prime reason for lack of response to Short Service Commission was the bleak future which

awaited the trained and disciplined officers once they were discharged barely after 5 years of service, with no prospects whatsoever either in public or Private Sector. The Committee, therefore, strongly recommended that to meet the shortage of officers in the immediate future, the period of Short Service Commission should immediately be raised from 5 years to 10 years subject to further extensions as per the existing norms and rules. The Ministry should take all other measures which might include more promotional avenues for Short Service Commissioned Officers in their cadre, reservation and lateral transfer to Public Sector Undertakings, Central Para Military Forces, Railways, etc. and also *pro-rata* pension to officers who had tendered even mandatory five years service, to attract the talented youth to our Armed Forces.

24. The Ministry in Their Action Taken Reply have stated that:

“The tenure of Short Service Commissioned Officers in the Army has been increased to 14 years from 10 years with effect from 31st March 2004. The revised turner will comprise of an initial contractual service of 10 years and one extension of 4 years. A Committee set up by the Government has also recommended specific measures for Short Service Commissioned Officers, for instance, Concessions in the Civil Service Examinations, lateral induction into Central Para Military Forces, Public/Private Sectors etc. These proposals are currently under the examination. There is no proposal under consideration for Grant of *pro-rata* pension to Short Service Commissioned Officers. However, Provision of lump-sum terminal grant for Short Service Commissioned Officers, as recommended by the Committee, is under examination.

#### **Comments of the Committee**

**25. The Committee are pleased to note that the tenure of initial contractual service for the Short Service Commission Officers (SSC) in the Army has been increased to 10 years with an additional extension of 4 years. The Committee hope that this will attract more talented youth to SSC. The Committee further note that the Committee set up the Government has also recommended specific measures for SSC for instance concessions in Civil Service Examination, lateral induction into Central Para Military Forces Public/Private Sector etc. which are being examined by Government. The Committee desire the Government to take an early decision on**



these recommendations. The Committee also desire that such officers should be imparted specialised trainings in various fields of their choice so that they can get suitable assignments after they are released from the service. The Committee desire that Government should bear all expenses for such courses.

#### **Information and Electronic Warfare**

##### **Recommendation (Para Nos. 109 to 111)**

26. The Committee noted that information warfare was assuming a key role in the operation of hi-tech weapons and to achieve strategic and tactical superiority. The Committee also noted that the Directorate for Information Warfare, under an Additional Director General was created in August 2003 as part of the Military Operations Directorate of the Army Headquarters. The functions of the Directorate for Information Warfare included formulating policy and guidelines on all aspects of Information Warfare and monitoring its implementation in the Army. The Committee felt that the Information Warfare had a very vital role in the operations of Air Force and Navy as well. Therefore, the Committee recommended that this Directorate should be a tri-Service body while coordinating closely with the Ministry of Home Affairs and intelligence agencies so that information received from them could be effectively utilised not only against the enemies from outside but also against insurgent groups operating in the country.

The Committee also noted that Electronic Warfare systems had been deployed effectively in Low Intensity Conflict operations in J & K and North-Eastern parts of the county. The Committee further noted that Electronic Counter—Counter Measures systems were highly sophisticated electronic equipments. The indigenous development and Manufacture of Electronic Counter Measures and Electronic Counter—Counter Measures systems started late in India and, therefore, high levels of sophistication had not been achieved in this field.

The Committee desired that the acquisition and deployment of Electronic Warfare and Electronic Counter—Counter Measures should be given high priority and steps must be taken for their indigenous development.

27. The Ministry in their Action Taken Reply have stated that:

The HQ Integrated Defence Staff (IDS) is working in the direction of the Standing Committee's viewpoint regarding a tri-services body on Information Warfare. A Directorate of Information Warfare &

Information Technology has been formed in the HQ IDS to take up the issues of Information Warfare (IW) at tri-service level. A Joint Information Warfare doctrine has been formulated by this Directorate to serve as the base document for IW activities. A Defence Information Warfare Agency (DIWA) is also being raised by HQ IDS with the approval of the Chiefs of Staff Committee, to look after the strategic and other IW needs of the three Services.

The Electronic Warfare (EW) systems are technology intensive systems. The sophisticated technology involved in hardware/software is not easily accessible. The difficulty in obtaining the desired level of sophisticated equipment and the advantages associated with its indigenous production, encouraged research and development in the field.

The programmes, SAMYUKTA for the Army and SANGRAHA for the Navy, were launched by the Defence Research & Development Organisation (DRDO) for development of credible indigenous EW capability. SAMYUKTA was launched in 1994 and is expected to be completed in November 2005. Similarly, Project SANGRAHA which was sanctioned in 1995 for the Navy is expected to be completed in June 2005. The long gestation period of these projects can be attributed to the complexity involved in first-time development of the systems. These complex systems have to be interactive and require prolonged cycle of about 15-20 years to develop and these systems are multi-Platform and have distributed architecture involving very high integration of various hardware components. The development of electronic modules itself is extremely time consuming. The integration of the separate modules would also require changes in platform design. Therefore, the initial development of the hardware and their integration to produce such a high end system is difficult to achieve. This difficulty is also compounded by the reluctance of advanced nations of supply electronic equipment used in the development of the hardware. The imposition of US sanctions also adversely affected the availability of critical electronic components.

Besides the hardware element, another area that India has to develop is in the area of sophisticated software that is required to run the systems. This development is also very time consuming. The software development standards in regard to military equipment are more rigorous than in commercial application. The software integration forms a major challenge in such a system which has hardware from

multiple vendors including those that are indigenous and imported. Some of the reasons for delay are also attributable to the lack of comprehension of the users requirements, translation of domain knowledge into software development and multiplicity of agencies involved in development of software.

As desired by the Committee, high priority has been accorded for acquisition of Electronic Warfare (EW) and Electronic Counter—Counter Measures (ECCM). Towards this end, programme SAMYUKTA was launched in 1994 for indigenous Electronic warfare capabilities for the army. Its probable date of completion is November, 2005. In order to meet the operational requirement especially of tactical EW variants, a two pronged approach has been adopted *i.e.*, developing and fielding of indigenous EW system and as an interim measure import EW equipment to meet the immediate requirement so as to fill the existing voids. Based on the EW philosophy and other factors like mobility requirement, type of terrain, nature of operations and operational conditions, the EW systems variants for the Army required to be produced indigenously till the end of the 12th Plan have been planned. Similarly, the indigenous EW project for the Navy, 'SANGRAHA' was sanctioned in 1995. The project envisages development and production of EW equipment, for all the three dimensions (*i.e.*, air, surface and sub-surface). As regards Air Force a large number of indigenously developed Radar Warning Receivers and Jammers have been fitted on our aircraft fleet. The DRDO laboratories have also initiated projects for development of improved versions of Radar Warning Receivers, missile approach warning system and laser warning system.

#### Comments of the Committee

**28. Keeping in view the importance of acquisition and indigenous development of high level Electronic Counter Measures and Electronic Counter—Counter Measures system which are in nascent stage, the Committee had desired that the Ministry should accord priority to their indigenous development. In this connection, the Committee are happy to note that the programmes, SAMYUKTA for the Army and SANGRAHA for the Navy have been launched by the DRDO for development of credible indigenous Electronic Warfare capability and are expected to be completed in the year 2005. However the Committee also note various reasons, outlined by the Ministry, responsible for the delay in the completion of the projects and the difficulties in acquiring the critical electronic components from**

advanced nations. Therefore, the Committee desire that the Ministry should intensify R & D efforts to expedite the indigenous development of state-of-the-art technology so as to acquire high level sophistication in Electronic warfare. Meanwhile, the Government should not hesitate to procure such advance surveillance equipment from other countries to take care of the security interests of the country while striving for their indigenous development.

#### Casualties in Operation Parakram

##### Recommendation (Para Nos. 116 to 118)

29. The Committee noted that during the period of 'Operation Parakram' a total of 473 Army personnel were killed and 1,401 wounded including 60 killed and 142 wounded in mine laying operations. The Defence Forces also suffered heavy losses in low intensity conflict in J & K.

The Committee felt that a large number of lives could have been saved if the soldiers were fully equipped with protective gears *viz.* helmets, bullet proof jackets, etc. and provided with night vision devices, communication sets and sensors.

The Committee, therefore, strongly recommended that our soldiers, who faced extreme adverse climatic conditions ranging from hot weather desert of Rajasthan to biting cold of Siachen, must be provided the best available equipments in the world.

30. The Ministry in Their Action Taken Replies have stated that:

Over the last few years, there has been a marked improvement in provision of better weapons and equipment, to the soldiers fighting terrorism in Jammu & Kashmir and the North East such as state-of-the-art small arms with night fighting sights, surveillance system, specialist weapons, communication equipment and individual protective gear. Details of the equipment and weapons are as follows:

- (a) Communications and Surveillance: Adequate surveillance systems based on various electro-optical, seismic, IR and Magnetic detection technologies have been deployed in a complementary manner to check infiltration and for counter terrorist operations Some of the equipment deployed are Unattended Ground Sensors, Battle Field Surveillance Radars,

Hand Held Thermal Imagers, Long Range Reconnaissance and Observation System, Unmanned Aerial Vehicles.

- (b) Specialist Weapons: Latest weapons inducted include Anti Material Rifle, Under Barrel Grenade Launcher for AK-47 Rifle, Flame Thrower, Light Weight Rocket Launcher and Automatic Grenade Launcher. These have substantially augmented the combat potential of the Army in counter terrorism and counter insurgency Operations.
- (c) Protective Gear: Soldiers undertaking counter terrorist operations have been provided with adequate individual protective gear, which includes Bullet Proof Jackets and Patkas. For mining/de-mining operations during Operation Parakram, soldiers were provided anti mine boots, helmets with visors and other protective clothing. Hydrema de-mining vehicles were used extensively in de-mining and re-proving operations.

#### **Comments of the Committee**

31. The Committee are happy to note that action has been initiated by the Ministry of Defence on their observations and recommendations made after their visit to Leh and other places in Jammu & Kashmir. However, the Committee feel that these actions initiated must bear fruit so that the soldiers in the field get their due.

The Committee, during their visit to Leh, Siachen and other parts of Jammu & Kashmir in October 2004, noticed that the soldiers posted in these areas and also in the other hostile areas were supplied with the uniform and other livery items of sub-standard quality. It is understood that the Army authorities decide the norms and specifications for these items. The Committee feel that due to the faulty norms prescribed, these items are of sub-standard quality. The authority deciding such norms should be investigated and the responsibility should be fixed. The norms should be decided scientifically and taking into consideration the environmental conditions, so that the soldiers do not become the victim of casual decisions. The Committee also feel that a high powered Committee should be appointed to look into this matter and the concrete steps taken after its recommendations may be communicated to the Committee.

The Committee desire that these should constantly be reviewed in future to avoid such things. If such instances are repeated strict action should be taken against the concerned persons.

The Committee also note with concern that items of personal kit for soldiers in high altitude operations are currently imported. The Army has been conducting high altitude operations from 1962 onwards and yet till date there has been no domestic manufacture of such items and import substitution policies have not yielded any results.

The Committee desire that the Ministry of Defence should chalk out a time bound import substitution programme for such personal items so as to relieve the country from its dependence on imports and avoid utilization of foreign exchange. Import should not be the first choice as a matter of policy.

The Committee also desire that the medical facilities and hospitals at Jammu, Leh, Srinagar and other places along the border should be strengthened and closely monitored.

#### Use of defective and outdated mines

##### Recommendation (Para Nos. 119 & 120)

32. The Committee were shocked to note that outdated and defective stock of mines with unworkable fuses were also put to use during 'Operation Parakram' resulting in a large number of casualties during the mine laying and demining operations. The Committee felt that these casualties were entirely avoidable if the duly validated mines alone were used and the required procedure with adequate safety measures was followed. The Committee desired that the mine accidents should be inquired into afresh and the responsibility fixed for the use of outdated mines and disregard of laid down safety procedures.

The Committee also recommended that old and defective stock of mines and fuses might be replaced immediately with modern, state-of-the-art mines and latest excavation equipments for demining, for use in future operations.

33. The Ministry in their Action Taken Reply have stated That:

"The Army remains consistent in its effort to equip the troop appropriately, for operating effectively in all types of terrain and warfare, and to that extent, the Standing Committee's recommendations at Para 101 are endorsed for implementation in future plans.

Director General of Ordnance Services has laid down the guidelines prescribing 10 years as the initial shelf life of different categories of mines and fuses. These guidelines further state that no stock will be declared unserviceable merely because it is outdated but should continue to be used till actual failure at Proof which implies that the stock which has achieved the life of 10 years will be subjected to technical examination by the Director General of Quality Assurance and testing periodically by selecting the prescribed number of random samples to be tested from the batch manufactured on a particular date and only these stock will be continued in service which pass this test. Also if the visual condition shows any deterioration then the mines and fuses will be condemned at any stage of their life.

- (ii) In accordance with these guidelines batches of mines which are not defective are validated and declared serviceable on the basis of the prescribed procedure and these stocks were issued for mining the Indo Pak border during 'Operation Parakram'.
- (iii) Despite all safety measures and prescribed procedures being observed the various environmental, terrain and battle related factors such as operational urgency, mines laid during hours of darkness to prevent detection by the enemy, severe fog and winter conditions, thick undergrowth and boggy ground conditions, caused casualties and these factors were beyond the control of the field formations.
- (iv) No useful purpose will be served in conducting fresh enquiries into the mine accidents during 'Operation Parakram' since during this operation majority of the accidents took place for reasons beyond the control of field Commanders. Further, use of only those available mines which were serviceable as per the extant norms was made.
- (v) However, as an additional precautionary step the Army Head Quarters and Ministry of Defence are examining the technical implications involved in revision of the current policy to fixing an outer limit to the shelf life of 15 years for mines and 10 years for fuses. Also the financial implications for the purchase and production of new mines and fuses is being worked out, which are likely to be substantial and may have to be undertaken in a phased

manner over a number of years. The latest technology in mines and fuses and their cost will also be kept in view before taking a final decision in the matter.

Old stock mines upto 1975 vintage have been sentenced as “unserviceable” and are being disposed off, while proof testing of mines of vintage 1976 to 1989 is under progress by the Directorate General of Quality Assurance (DGQA). For future operations, AHQ is considering the procurement of a new family of state-of-the-art mines demining equipment.”

#### **Comments of the Committee**

34. The Committee are unable to accept the reply of the Ministry regarding following the prescribed guidelines in assessing the service life of the mines. The Committee note that though the, Director General of Ordnance Services has prescribed 10 years as the initial shelf life of all categories of mines and fuses yet on the other hand the mines of vintage 1976 to 1989 are still lying in the stock. The Committee note that during ‘Operation Parakram’ a large number of our soldiers died while laying mines in the border areas. It was noticed that the mines used were of 1975 vintage, which had shelf life of 10 years. But it is understood that these were certified by the office of Director General of Quality Assurance and was declared fit to be used. The Committee notice that during the ‘Operation Parakram’ a total of 375 Army personnel were killed and 1401 were wounded. Out of this 60 were killed and 142 were wounded in the mine laying operation alone. This constitutes about 15 per cent of the casualties suffered by our Army during this operation. The Committee have viewed this very seriously and feel that this matter may be investigated and those found guilty should be brought to books.

The Committee are of the firm belief that not only mines but also use of other weapons and ammunition, which have crossed its shelf life, should be discontinued. The practice of certifying it and using beyond the shelf life should be discontinued with immediate effect, because its use not only costs human lives, but also demoralises our forces. The Committee also note that the inventory of the defence forces is on the higher side, which has resulted into some management problems, which leads to the use of obsolete stores. The Committee strongly feel that the inventory should be professionally managed and it should be strengthened. The steps taken in this regard may be communicated to the Committee.



## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Sl. No. 3, Para 52)**

The Committee also recommend that the Ministry should prepare a 15 year road map with long-term strategic vision to be updated periodically for modernization and acquisition plans for Defence Services indicating the budgetary support required therefore as to enable the Ministry of Finance to appreciate the long-term objectives concerning Defence preparedness. The Committee would have to be apprised of the progress made in this regard within three months.

#### **Reply of the Government**

A draft Long-Term Integrated Perspective Plan (LTIPP) covering the 15 year period from the Tenth to the Twelfth Plan (2002-2017) was formulated in June 2004 in consultation with the three services. Since more than two years of the current Tenth Plan period have already elapsed, a new approach paper has been made formulating a Long-Term Integrated Perspective Plan (LTIPP) covering the period from 2007-2022. This Plan is expected to be finalized by the Integrated Defence Staff by the last quarter of 2005.

[MoD OM No. H-11013/3/2004/D (Parliament) dated 17.1.2005]

#### **Comments of the Committee**

(Please *See* Para 13 of Chapter-I)

#### **Recommendation (Sl. No. 4, Para 63)**

The Committee note that the Defence Procurement Board (DPB) was set up primarily to oversee all activities relating to acquisition of the defence equipments in the Capital Account in order to streamline and expedite defence procurement procedures. The Committee have been informed that the Defence procurement Board does not normally deal with the cases under normal procedure but with the acquisition

of the urgently required items under the fast track procedure. The Committee, however, note that out of 75 cases approved by DPB in the last three years, contracts have been signed in only 51 cases including 48 cases under fast track procedure. One third of the cases are, therefore, still pending with the Ministry of Defence for implementation.

### **Reply of the Government**

Apart from dealing with cases of acquisition of urgently required items under Fast Track Procedure, Defence Procurement Board (DPB) also considers the acquisition/procurement cases under normal procedure in following circumstances:—

- (a) Single vendor procurement beyond RM's powers (*i.e.* beyond Rs 50 crores).
- (b) Cases above Rs. 20 crore requiring waiver/amendment to 'essential' Staff Qualitative Requirements after the issue of Request For Proposal (RFP).
- (c) Dispensation of Field Evaluation.
- (d) Cases where the Technical Evaluation Committee has recommended trials/procurement based on single vendor/deviation of 'essential' parameters.
- (e) Cases for additional requirement of equipment/systems in excess of Rs. 20 crores, for which orders/contracts have already been placed/concluded.
- (f) Acquisition cases in which single vendor shall necessarily emerge in respect of countries having strategic partnership with India.
- (g) Where deviations from procedures laid down in Defence Procurement Procedure (DPP)-2002 occurs.

2. Out of 75 cases approved by DPB in the last three years, contracts have been signed in 54 cases. The remaining 21 cases are at various stages of processing and contracts are likely to be concluded in these cases shortly.

[MoD, OM No. H-11013/3/2004/D (Parliament) dated 17.1.2005]

**Recommendation (Sl. No. 4, Para 64)**

The Committee are constrained to observe that though the DPB has been mandated for such an important task for procurement of urgently required defence items on Fast Track basis, it has miserably failed to speed up the process and cut down the time taken, thereby defeating the purpose for which it was set up. In fact, Defence Procurement Board seems to have added one more tier in clearance of defence proposals causing further delays in the procurement of defence equipments.

**Reply of the Government**

Defence Procurement Board (DPB) functions under the Defence Secretary and has Secretary (DP&S), Secretary (R&D), Secretary (Defence Finance), Vice Chiefs of the three Services and Special Secretary (Acquisition) as members. It oversees all activities related 'Buy' and 'Buy and Make' decisions of Defence Acquisition Council. It is responsible for the coordination, supervision and monitoring of the acquisition process. The DPB is assisted in its functioning by the Acquisition Wing in the Department of Defence. It has an integrated setup with officers from the Department of Defence, Finance Division and Service Headquarters.

It would be seen from the above that DPB has provided a forum for deciding policy matters specially related to procurement at one place in a coordinated manner.

[MoD, OM No. H-11013/3/2004/D (Parliament) dated 17.1.2005]

**Recommendation (Sl. No. 4, Para 65 & 66)**

The Committee find that the tedious, cumbersome and time consuming defence procurement procedures have been the bane of defence budgetary exercise and despite the efforts made with good intentions, the procedural delays could not be obviated to the desired extent. The Committee, therefore, feel that the very nature of structural and procedural aspects in acquisition and modernisation of defence forces, and the stages involved therein requires a thorough study to identify the bottlenecks and remedial measures needed to streamline the system.

The Committee, therefore, recommend that a Study Group may be constituted to examine the entire gamut of defence procurement procedures and structures and suggest appropriate modifications.

### **Reply of the Government**

In order to implement the provisions laid out in the new defence procurement management structures and systems, a new Defence Procurement Procedure-2002 (DPP-2002) was promulgated in December 2002 and made effective from 31st December 2002. This related to all 'Buy' decisions of more than Rs. 20 crores. This procedure was subsequently amended in June 2003 and made effective from 30.6.2003 to include procurement on 'Buy and Make through imported Transfer of Technology' and termed DPP-2002 (version June 2003).

2. As reported to the Standing Committee on Defence (2004-2005), in all 75 proposals including 62 proposals under the fast track procedure and 13 proposals under the normal procedure had been approved by the Defence Procurement Board (DPB) between October 2001 and July 2004. An analysis of the data pertaining to the Fast Track cases and normal cases approved by DPB during this period are attached as Annexure I to III. Analysis of the 62 cases approved by DPB under the Fast Track procedure would reveal that 79% of the cases had been contracted. Deliveries in 63% of Contracted cases had been completed and in 29% partially completed. Overall deliveries in 92% of cases contracted under the fast track procedure had been completed or are underway.

#### 3. Improvements in DPP-2002 (Version June 2003)

- (i) The DPP-2002 (version June 2003) was a significant improvement over the 1992 procedure. It simplified and cut short the procedure that had to be followed as per DPP (1992). While the 1992 procedure had envisaged multi-layered steps, in DPP (2002) it was reduced to 9 steps.
- (ii) While under DPP (1992), various acquisition stages could only be taken in tandem, the 2002 procedure envisages simultaneous/concurrent action in many areas. In addition, DPP (2002) also contain provisions to undertake Fast Track procurements. This provides the much needed operational flexibility to the 3 Services to meet any warlike situation.

- (iii) The duties of the Commercial Negotiations Committee (CNC) were also streamlined. DPP-2002 (Version June 2003), the present procedure, requires negotiation with only the lowest bidder. This has significantly reduced the time involved in the conclusion of contracts with vendors.
- (iv) Standardization of Request For Proposal (RFP) also resulted in the simplification of the procedure for the vendors.
- (v) The present procedure finds place in the official website (<http://www.mod.nic.in>) of the MoD. This assists potential vendors to understand the technical and commercial requirements and the process involved in the acquisition process, apart from ensuring greater transparency.
- (vi) The approvals from Acceptance of Necessity angle were earlier taken on file This took anywhere from 3 to 12 months. Under DPP-2002 (Version June 2003), the approval is given at a meeting chaired by additional Secretary.
- (vii) The recommendation of the Technical Evaluation Committee and joint Staff Evaluation had, hitherto, to be routed through Department of Defence (DoD), MoD (Finance) before it was approved by RM. These powers have now been delegated to additional/Special Secretary (Acquisition) saving considerable processing time in DPP-2002 (Version June 2003).
- (viii) In the area of indigenisation, a provision for 'Buy and Make' and 'Make' through Transfer of Technology (providing for acquiring the technology) is available in DPP-2002 (Version June 2003).
- (ix) The DPP-2002 (Version June 2003) provides for review after two years.

#### **4. Perceived Weaknesses in DPP-2002 (Version June 2003)**

With the experience gained in the last two years, MoD has realized there exist some problems that need to be resolved to further streamline the process of acquisition. This has been necessitated due to the realization that following would need to be done:—

- (i) Compress time frame and delineate clear time frame at each of acquisitions to ensure optimal utilization of capital budget allocation.

- (ii) Reduce time taken at the acceptance of 'necessity' stage.
- (iii) Evolve a system of open tendering system for non-sensitive security equipment.
- (iv) Put in place a nodal mechanism for formulating joint QRs for equipment of tri-service nature;
- (v) Provide guidelines in regard to application of Discounted Cash Flow (DCF) for evaluating offers with different payment terms and involving cash flow over a period of time and Exchange Rate Variation (ERV) in respect of Defence PSUs in order to make procurement process more transparent and objective.
- (vi) Expedite processing of indents placed on Ordnance Factory Board (OFB) and schemes entrusted to DRDO; and
- (vii) Include "Off set" in RFP on case to case basis to avail of direct benefits like technological transfer and exports, etc. & integrity pact as part of Standard Conditions of Contract.
- (viii) Selection and procurement of equipment, systems and hardware, for fitment, integration and upgradation of existing weapon platforms.

5. As provided in the DPP-2002, the Defence Procurement Procedure is presently under review in the MoD to make it more streamline, transparent and effective.

[MoD, OM No. H-11013/3/2004/D (Parliament) dated 17.1.2005]

ANNEXURE-I

ANALYSIS OF TIME TAKEN

CASES APPROVED UNDER FAST TRACK BETWEEN OCTOBER  
2001 AND JULY 2004

	Cases approved	Contracts signed	Contracts signed within			Deliveries completed	Deliveries partially completed	Total
			0-6 months	7-12 months	Over 12 months			
1. Army	50	37	14	11	12	21	13	34
2. Navy	7	7	6	0	1	5	1	6
3. Airforce	5	5	3	0	2	5	0	5
Total	62	49 (79%)	23 (47%)	11 (22%)	15 (31%)	31 (63%)	14 (29%)	45 (92%)

ANNEXURE-II

ANALYSIS OF TIME TAKEN

CASES APPROVED UNDER NORMAL PROCEDURE BETWEEN  
OCTOBER 2001 AND JULY 2004

	Cases approved	Contracts signed	Contracts signed within			Deliveries completed	Deliveries partially completed	Total
			0-6 months	7-12 months	Over 12 months			
1. Army	4	2	0	0	2	0	1	1
2. Navy	8	2	1	1	0	1	1	2
3. Airforce	1	1	0	1	0	0	0	0
Total	13	5	1	2	2	1	2	3
		(38%)	(8%)	(15%)	(15%)	(20%)	(40%)	(60%)



ANNEXURE-III

ANALYSIS OF TIME TAKEN

CASES APPROVED UNDER FAST TRACK AND NORMAL  
PROCEDURE BETWEEN OCTOBER 2001 AND JULY 2004

	Cases approved	Contracts signed	Contracts signed within			Deliveries completed	Deliveries partially completed	Total
			0-6 months	7-12 months	Over 12 months			
1. Fast Track Procedure	62	49	23	11	15	31	14	45
2. Normal	13	5	1	2	2	1	2	3
Total	75	54	24	13	17	32	16	48
		(72%)	(44%)	(24%)	(31%)	(60%)	(30%)	(89%)

**Recommendation (Sl. No. 8, Para 100, 101)**

The Committee are surprised and concerned to note the very poor rate of induction of NCC Cadets in the Armed Forces. The Committee were informed that most of the NCC Cadets lack communication skills and exposure to activities that inculcate leadership qualities required for the Services Selection Board (SSB) apart from being not familiar with the specific details of the selection process. The Committee strongly recommended that specialized training should be imparted to NCC cadets in developing in them the communication skills and inculcating leadership qualities, so that they can face the SSB more confidently and become officers in the Armed Forces and their years spent in NCC do not go waste. The Committee are of the view that the potentials of Sainik Schools/Military Schools under State Governments, spread all over the country-which could be a training ground for future officers should be fully harnessed by providing them the necessary support by Union Government for introduction of modern teaching methodologies and better infrastructure.

The Committee also desire the Ministry to consider, in consultation with the State Governments the promotion of studies of language of the region, Hindi and English in addition to introduction of uniform curriculum in these schools.

**Reply of the Government**

A large number of NCC Cadets are being inducted into the Army through National Defence Academy (NDA), Khadakvasla, Indian Military Academy (IMA), Dehradun, and Officers Training Academy (OTA), Chennai. The analysis of the cadets undergoing training at NDA, IMA and OTA reveals that a substantial number of the cadets have received NCC training. In addition to the cadets joining the Armed Forces through the NCC Special Entry Scheme, around 30.5% of the cadets in NDA, 22.5% of the cadets in OTA, 47.2% cadets of the OTA Women Special Entry Scheme and 9.5% cadets in IMA have received NCC training . However, some shortfall has been noticed in Direct Recruitment category of NCC 'C' certificate holders as the performance of NCC cadets at the Services Selection Board (SSB) has been below par because of their inability to exhibit their true potential due to lack of knowledge of the selection procedures, at SSB. In order to improve the potential of the Prospective candidates, and to familiarize them with various testing techniques and tasks which they

would be required to undergo at various selection centers. Sanction of the Government has been conveyed for commencement of SSB Training Courses at NCC Officers Training Academy (OTA), Kamptee, and NCC OTA, Gwalior. Two courses each are being conducted at NCC OTA, Kamptee, and NCC OTA, Gwalior from the year 2003-04 onwards for a duration of 10 days each. Six Cadets from each of the 16 NCC Directorates spread all over the country participate in these Training Courses. During these courses Cadets are given exposure to the techniques of the SSB and personality development to enable them to succeed in the SSB interviews. Apart from the centralized training being carried out, NCC Units are also conducting NCC coaching classes and personality development classes for the cadets especially in rural areas to enable the cadets to face the SSB with confidence.

2. Further measures have been taken to improve the infrastructure, automation, reforms in the admission tests, and to improve the welfare of cadets and staff at Military Schools and to convert these schools into centers of academic excellence.

3. As far as Sainik Schools are concerned it is mandatory for every student to join the NCC while joining Sainik Schools. Adequate emphasis is being laid on inculcating Officer Like Qualities (OLQs) in all cadets. The curriculums of Sainik Schools are basically designed to prepare a cadet to join NDA/Armed Forces. The selection rate of Sainik Schools cadets in SSB has been very satisfactory.

4. In Sainik Schools apart from Hindi and English, the regional language is also being taught.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Recommendation (Sl. No. 13, Para 125)**

The Committee note that Bharat Dynamics Limited (BDL) is the only manufacturer of Missiles in India. The Committee are concerned to note that the Components Production Division of BDL is lying idle since March 2004 and that the BDL will also continue to face under utilization of capacity for another two years till new projects are taken up.

#### **Reply of the Government**

It has been the endeavour of the Government to ensure full capacity utilization of the Bharat Dynamics Limited (BDL). As a step in this direction BDL has been nominated as the nodal production agency for

production of Man Portable Air Defence System (MANPADS) (IGLA-S) , Decoy C-303, Barak missile, Torpedo Takshak, Low Level Quick Reaction Missile (LLQRM) and an agency to carry out refurbishment and life extension of missiles already held on the inventory of the Armed Forces.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 13, Para 126)**

The Committee recommend that the Ministry should take immediate action to formulate a long-term plan so as to ensure that Bharat Dynamics Limited get regular orders and the expertise development and the state-of-the-art facilities in these centers of excellence are gainfully utilized for the benefit of the nation. The Committee also desire that the Ministry should explore the possibilities of export of missiles to other countries so that the order book position of the company always remains healthy.

**Reply of the Government**

Production in BDL is mainly dependent upon the orders pleased by the Armed Forces on BDL of products manufactured by them on transfer of Technology from overseas OEMs or DRDO. Early finalization of the Armed Forces' Perspective Plan will enable BDL to plan its production schedule and ensure better utilization of installed capacity.

The Company is also exploring the possibilities of exporting its products to other countries, both which are fully indigenously developed and those produced under licence from overseas OEMs.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 14, Para 133)**

The Committee note that ordnance Factories cater to the requirement of arms, ammunitions and clothing of defence forces which is specialized, complex and poses unique challenges.

**Reply of the Government**

In addition to above items, Ordnance Factories also supply weapons, armoured and transport vehicles and equipment to Defence Forces.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 14, Para 134)**

The Committee further note that to harness the vast potential of the private sector in terms of capital, infrastructure and trained manpower, the Government in May 2001 decided to permit private sector participation in the defence production and 26 percent Foreign Direct Investment both subject to licensing. The Committee, therefore, recommend that the time bound modernisation programme of Ordnance Factories should be vigorously pursued and adequate financial allocation earmarked therefore to make them competitive and at par with the international standards.

**Reply of the Government**

The observations made by the Committee for time-bound implementation of modernization programme have noted for compliance. An estimated amount of Rs. 1804 Crs. has been projected during 10th plan period under New Capital (NC) and Renewal and Replacement (RR), which is under consideration of the Government.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 14, Para 135)**

The Committee further recommend that the Ordnance Factory Board should chalk out a comprehensive plan to increase its market share in the domestic market by introduction of new products through the Transfer of Technology route, development of new products, including product upgrades through in-house Research & Development with or without the help of other Defence Public Sector undertakings and by entering into foreign collaborations, if required. The Ordnance Factory Board should also formulate a strategy to increase their exports further. To effectively meet the challenges of the competitive globalisation in Defence Sector, Ordnance Factory Board needs to be restructured by the induction of experts so as to make it a truly professional body.

**Reply of the Government**

The observations made by the Committee have been noted for compliance. A comprehensive plan for development of new products and increasing market share in domestic as well as international market

will be drawn in due course. The recommendation of the Committee for restructuring of the Board would be considered for implementation keeping in view the recommendations or the various expert groups in this regard. However, OFB already has representatives of users, designing and inspection agencies and producers, who are experts in their own areas.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 15, Para 141)**

The Committee are unhappy to note that ammunition worth Rs. 352 crore manufactured by Ordnance Factory, Khamaria and supplied to Army Units needs to be repaired/revalidated even after the expiry of four years. The Ministry has also not given the reasons for delay in repair/revalidation of the same. Again ammunition worth Rs. 2.76 crore was declared unserviceable due to cavity in the filling and detonators worth Rs. 7.39 crore have been found unserviceable because of improper storage.

**Reply of the Government**

The deficiency noticed in the ammunition is not attributable to manufacturing defects. In fact, these ammunitions were manufactured/produced as per the laid down specifications, and were supplied after inspection and Proof acceptance. However, modalities for revalidation/repairs are being worked out in consultation with various agencies under the Ministry of Defence.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 15, Para 142)**

The Committee strongly recommend that Ordnance Factories must be more careful in manufacturing of ammunition as well as storage of the same. They must modernise their facilities for manufacturing ammunition and also adopt sophisticated storage facilities so that ammunition of critical importance may not go waste.

**Reply of the Government**

The observations made by the Committee have been noted for compliance.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 16, para 152)**

The Committee note that the Indian Navy presently has 143 ships and submarines. The Defence Acquisition Council (DAC) had in March 2003 opined that the force levels should not fall below 140 ships and submarines. Accordingly, the Navy had formulated a 15-Year shipbuilding plan as a part of the Long Term Perspective Plan covering 10th ,11th and 12th Plan periods from 2002-2017. The Plan envisages induction of 132 ships and 12 submarines.

**Reply of the Government**

A 15-Years Shipbuilding Plan has been prepared which emphasizes construction of 132 ships and 12 submarines by the end of the XII Plan period. 'In-principle' approval was accorded to the shipbuilding plan of Navy by Defence Acquisition Council (DAC) to ensure that our force levels did not fall below 140 ships. A 10-Years Shipbuilding Plan has been prepared by the Navy covering the Xth and XIth Plan period. This plan envisages induction of 79 ships and 4 submarines by 2012.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 16, para 153)**

The Committee are constrained to note that there is no definite budgetary allocation for the 15-year shipbuilding plan which is very crucial in maintaining the minimum required deterrent force level of the Navy apart from being extremely vital for sustaining our Shipyards which are grossly under-utilised at present.

**Reply of the Government**

Perspective planning such as 15 years Shipbuilding Plan is drawn for the purpose of assessing requirements of funds and planning. Budgetary allocation of funds is made annually by Ministry of Defence keeping in view overall requirement of funds and its availability.

2. As regards the utilisation of capacity of Defence shipyards, if may be mentioned that all yards are adequately loaded except Goa Shipyard Limited (GSL). As on date the following naval projects are being undertaken at defence Shipyards:—

- (a) **Mazagon Dock Ltd. (MDL)**. Three ships of P-17 and three ships of P-15A are under construction. Submarines under P-75 are also planned to be constructed at MDL.

- (b) **Garden Reach Shipbuilders & Engineers (GRSE).** One ship of P-16A, four ships of P-28, four Fast Attack Crafts (FACs) and three Landing Ship Tanks (Large) [LSTs (L)] are under construction.
- (c) **Goa Shipyard Limited (GSL).** At present no ship is under construction at GSL. However, Extra Fast Attack Crafts (XFACs), Off-shore Patrol Vessels (OPVs) and Mine Control Measure Vessels (MCMVS) are planned to be constructed at the yard. In addition, Coast Guard has placed orders for one Advanced Off-shore Patrol Vessel (AOPV) and five Patrol Vessels (FPVs).

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl.No. 16, para 154)**

The Committee, therefore, recommend, that immediate steps should be taken for allocation of funds for implementation of the Navy's 15-year shipbuilding plan to prevent any depletion of Naval strength and for optimal and efficient utilisation of the Shipyards.

**Reply of the Government**

All efforts will be taken by Government to ensure that Naval strength of ships does not fall below 140 at any point of time as directed by Defence Acquisition Council and to ensure that adequate funds are provided to Navy to maintain the aforesaid level.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl.No. 17, para 161)**

The Committee note that the Coast Guard currently has a force level of 56 ships and 44 aircraft and to maintain its efficiency it is necessary to provide the required budgetary support for the timely replacement of aging ships/aircraft. The Committee are of the view that to enable the Coast Guard to effectively look after the interest of the country in maritime zones particularly in the territorial waters, it is imperative to provide it with the most modern ships. Aircraft shore infrastructure and advanced equipments and systems.



### **Reply of the Government**

The Coast Guard has drawn up a Perspective Plan for the years 2002-17. In addition, it has also made a Development Plan to cover the period 2002-07. According to these plans, the Coast Guard would Modernize to increase their effectiveness. The modernization plans include the phasing out of ageing ships/aircraft and the induction of modern assets with advanced equipment and capabilities. The proposals of the Coast Guard are designed to achieve these objectives and are done under the Perspective Plan which is itself a document that has been prepared taking into account Coast Guard's defined roles and the assets they would require to perform them.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Recommendation (Sl.No. 17, para 162)**

The Committee, therefore, desire that adequate budgetary support should be provided to the Coast Guard to fully equip it with the latest state-of-the-art equipments and systems to enable it to play its role effectively as a supportive arm of the Indian Navy and fulfil its functions as a protection force for safety of life and property at sea-covering areas mandated under international maritime inventions.

### **Reply of the Gvoernment**

Coast Guard is an independent organization of the Government entrusted with the responsibility of protecting the national and other maritime interest of India. The organisation has been equipped from time to time with new kind of vessels/aircrafts to meet the specific functional requirement. Modernization of vessels/aircrafts of Coast Guard and suitable additions thereon are undertaken on a continuing basis to prevent the vessels/aircrafts from technological obsolescence and numerical reduction in order to enable the organization to discharge its duties effectively.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Recommendation (Sl.No. 18, paras 170-173)**

The Committee note that the responsibilities of the Indian Air Force are multifarious ranging form air defence of the nation to providing reconnaissance, battlefield air strikes and counter air operations during

hostilities. The Committee are extremely concerned that the bulk of the air fleet consists of ageing MIG series aircraft with only limited fleet of modern multi-role combat aircraft, *viz.* Sukhoi-30 and Mirage-2000. The Committee further note that the Light Combat Aircraft (LCA) rechristened as 'Tejas' being indigenously designed and developed will not be inducted before 2011.

**Paragraph No. 171**

The Committee feel that credible deterrence capabilities of Indian Air Force has to be maintained in all circumstances to ensure air superiority in the region.

**Paragraph No. 172**

The Committee, therefore, recommend that the Ministry should strive to ensure that the induction plan of LCA is not delayed any further. The Ministry should also take the required steps for securing licensed production of Mirage-2000 apart from the periodic appraisal of the existing fleet of multi-role strike aircraft to maintain their modern and advanced world class capabilities.

**Reply of the Government**

All out efforts are being made to maintain credible deterrence capabilities of Air Force to ensure air superiority in the region not only through acquisition of modern fighter aircraft but also through acquisition of force multipliers like Aerostat Radar, Airborne Warning and Control System, Unmanned Aerial Vehicle, Flight Refueling Aircraft etc. Further, for the modernization of the IAF, upgrade programmes like MiG 21 BIS Upgrade, MiG 27 upgrade and Navvass Jaguar programme have been undertaken at Hindustan Aeronautics Limited.

Efforts are being made for the induction of the first production version of Light Combat Aircraft (LCA) with initial operation clearance (IOC), in March 2007 and final operation clearance (FOC) in March 2009. The induction of the first squadron in the Air Force is expected by 2010-11.

Government have initiated steps for procurement of Medium Multi Role Combat Aircraft (MMRCA). Necessary Qualitative Requirements for the aircraft have been finalised.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Pararaph No. 173**

The Committee are also not happy with the misconceptions about the functioning of the Ministry in general, and defence acquisitions in Indian Air Force in particular. The Committee feels that there should be more transparency in the functioning of the Ministry of Defence, and misgivings, as and when arising in the general public, must be clarified appropriately. The Committee, therefore, recommend that the Public Relations Division of the Ministry should be adequately strengthened and sensitized to be more proactive for presentation of factual position in the correct perspective.

**Reply of the Government**

Based on the recommendations of the Group of Ministers on "Reforming the National Security System", the Government has taken a number of measures to improve the structure, process and procedures relating to defence procurement in order to ensure absolute probity in defence procurements, and as much transparency as possible bearing in mind compulsions of protection of information relating to certain procurements in the interest of national security.

Procurements under the capital account are first approved in principle by the Defence Acquisition Council headed by the Raksha Mantri, and consisting of Raksha Rajya Mantri (S), the three Service Chiefs and Defence Secretary amongst others to assist the Raksha Mantri in the totality of the planning process. All procurement proposals are routed through the Ministry of Defence to Defence Procurement Board headed by the Defence Secretary, for scrutiny from the point of view of necessity, economy, procedural propriety and transparency. A Defence Procurement Procedure detailing the procedure for procurement of defence equipment was adopted in December 2002. The Procedure provides for objective and transparent criteria for defence procurements and are accessible to the public. Both, the Procedures and all Requests for Proposals (RFPs) for non-sensitive or non-classified procurements, are posted on the web-site of the Ministry of Defence. A presentation has already been made to the Committee on this. A transparent procedure for the registration of authorized agents and representatives of foreign firms marketing defence products has also been in place since November 2001.

Capital acquisitions for all Services, including the Air Force, follow the Defence Procurement Procedure. In addition, with effect from September 2000, and in consultation with the Comptroller and Auditor General of India (C&AG) and the Central Vigilance Commission (CVC), the Government has institutionalized a procedure for mandatory and time-bound scrutiny of all major defence deals exceeding Rs. 75 crores.

Details of all purchase, Procurement decisions and award of works of value exceeding Rs. 75 crores are to be sent to the C&AG for scrutiny, in the normal course within a month of such a decision having been taken. Wherever necessary, a formal reference may be made to the CVC by the Chief Vigilance Officer of the Ministry of Defence. Besides, in accordance with standing instructions of the CVC, lists of contracts valued above Rs. 2 crore are now being sent by the Air Force and other concerned wings of the Ministry to the CVC on a quarterly basis.

The Services do not interact directly with the media in regard to procurement decisions. These are done through the Directorate of Public Relations (DPR) of the Ministry of Defence. A series of steps are being taken to strengthen and modernize the media activities of the DPR. Interaction with the mass visual media, notably television, and use of the internet, is being expanded, in addition to routine activities of the Department through the print media, regional offices of the DPR, special features and daily liaison with the media, including field visits by the media to defence locations. Information relating to the Ministry of Defence, including press Notes, reactions and releases, are regularly put up by the Ministry of Defence on the web-sites of the Ministry of Defence and the Press Information Bureau. Whenever misinformation or misconceptions appear in the media, special briefings are also arranged to clarify such misunderstandings subject to the constraints of the need to protect classified information in the interest of national security.

The effort to make the Ministry more proactive and responsive *vis-a-vis* the media was visible in the positive coverage in the electronic and print media of the role of the Armed Forces in the rescue, relief and rehabilitation effort in aid of the civil authorities to deal with recent December 26 Tsunami. The Ministry of Defence held media briefings and issued press notes regularly as part of the Government effort to inform the public of the progress of relief efforts to deal with the calamity.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 20, Paras 178-181)**

In reply to a question on the development of Air Defence Shield, the Ministry has stated that based on the analysis of the threat perceptions, the IAF has provided an air defence shield which is reviewed from time to time. High, Medium and Low level Radar cover are provided by the IAF. The vast airspace of our country necessitates a large number of sensor assets to encompass monitoring of air activities from low altitude to high altitude. However, due to the

perceived threat, our air defence and most surveillance systems are weighted towards the Western and Northern borders of the country.

The Committee note with serious concern that the vast geographical territories of the country are having lopsided surveillance systems tilted towards Western and Northern Borders. In the wake of emerging threat perceptions from all sides, the monitoring mechanism of air activities cannot be concentrated along just two sides of the international borders of the country.

The Committee, therefore, recommend that the Ministry should strive to install adequate number of sensors/radars all along the international borders of the country so as to strengthen the surveillance system of the nation.

The Committee further desire the Ministry to make serious and sincere efforts to equip the Defence forces with military satellites with high resolution camera to keep watch on the activities in the border regions.

#### **Reply of the Government**

Radar deployment for air defence purposes is based on threat perceptions, surveillance requirements and the need to monitor activities of our neighbours. While it is desirable to have surveillance over the entire Indian airspace, constraints of resources have inhibited this. Over a period of time, the Indian Air Force (IAF) has established extensive high level coverage of Indian airspace. Adequate medium level coverage along the Western and Northern border exists. Airspace coverage in Central and peninsula India is yet to be adequately catered for, especially in terms of medium level and low level radar coverage.

Over the years, different categories of radars *viz.* high, medium and low level radars have been acquired by the Air Force. Although, these acquisitions have met the dynamic threat perceptions of the time, there still exist a requirement for medium and low level radars.

Induction of different categories of radars are underway *viz.* Low Level Light Weight Radars (LLLWR), Aerostat Radars, Central Acquisition Radars (CAR), Airborne Warning and Control System (AWACS) and Indra Radars. Other category of radar like the Low Level Transportable Radars (LLTR) are planned for future induction.

As per the recommendations of the Government Committee on Airspace Management (GCAM), constituted under the directions of the Group of Ministers, IAF has initiated steps towards integration of surveillance assets with the Airports Authority of India (AAI). The

civil radars need to be networked on priority and once Integrated Air Command and Control Systems (IACCS) is operational, the surveillance data would be exchanged for efficient airspace management by IAF and AAI. This matter is being pursued separately in the Inter Ministerial Coordination Committee constituted by the Cabinet Secretariat.

Satellite Based Surveillance (SBS) Programme has also been launched to augment surveillance over the Indian airspace.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Recommendation (Sl. No. 21, Paras 187-188)**

The Committee note that Hindustan Aeronautics Limited (HAL) has signed a contract of \$ 33 million with M/s Israel Aircraft Industries for design and development of Advanced Avionic Display System for Advanced Light Helicopters. The contract does not envisage Transfer of Technology on the ground of the high rate of obsolescence in the avionics systems and the substantial investments required for setting up the new product line. The Committee do not agree with the contention of the Ministry and feel that in view of the trend of modern warfare and resultant relevance of the application of state-of-the-art electronic system, the HAL should also acquire latest technology so as to enable the research agencies to develop similar indigenous avionics systems and minimize the dependence on foreign vendors.

The Committee, therefore, strongly recommend that the Ministry should put well conceived efforts to develop the Advanced Avionics Systems indigenously, to effectively meet the challenges of new emerging trends in modern warfare.

**Reply of the Government**

The Transfer of Technology (ToT) in the case of Integrated Avionics Display System (IADS) would have involved:-

- (a) Manufacturing Technologies for the Active Matrix Liquid Crystal Displays (AMLCDs).
- (b) Electronic Hardware
- (c) Software & related Algorithm.

2. The vendors had not offered ToT for Active Matrix Liquid Crystal Displays (AMLCD). The world over, AMLCDs are produced by very few manufacturers in very large quantities due to economies of scale. The technology is prone to very rapid obsolescence and would require large infrastructural investments. The vendors who are in this business

offset the effect of obsolescence by volumes resulting out of the worldwide requirement for a multiplicity of programmes and applications. In the case of Advanced Light Helicopters (ALH), the numbers of Avionics Systems sets required were only two hundred.

3. Consequently HAL has taken the following measures:-

- (a) Establishing the Repair/Overhaul facilities for the AMLCD and hardware to support the systems over the entire life cycle. As a result of negotiations, the Repair/Overhaul capability is acquired Free of Charge.
- (b) Acquiring the Source Code for the System and application Software. The source code for the software is supplied as part of the deliverables. This would allow HAL to develop the skills required to adapt and modify the software for advanced avionics systems and Electronic Warfare applications.

4. Keeping in mind the critical nature of the technologies, HAL has taken the following steps for immediate and future requirements:-

- (a) Development and production of Mission Computer jointly with M/s DARE—a DRDO establishment (for SU-30, Jaguar & MiG-27 aircraft).
- (b) Head Up Display for Trainer Aircraft by Central Scientific Instruments Organization (CSIO).
- (c) Tactical Mission System for the Naval version of the ALH through M/s Aeronautical Development Agency (ADA).
- (d) Development of Multifunction Displays to meet programme requirements, through Indigenous Vendors.
- (e) With this integrated approach, HAL will acquired expertise for the indigenous development and manufacture of hardware & software required for Advanced Avionics Systems.

[MoD OM No. H-11013/3/2004/D (Parliament) dated 17.1.2005]

**Recommendation (Sl. No. 22, Paras 192-193)**

The Committee note that BrahMos, a joint venture missile developed by India and Russia is being equipped with the most modern Precision Guidance Mechanism. The Committee also note that NAG is being indigenously developed as anti-tank missile with a fire and forget capability. The Committee find that though there are continuous R & D efforts, the two missiles have still not reached the

induction stage. As a result, the Indian Armed Forces have not yet been equipped with these modern systems which have affected its defence capabilities.

**Reply of the Government  
(Text of the Reply)**

**BrahMos:** Seven successful flight trials have been undertaken for BrahMos Missile System being developed as a joint venture between India and Russia. The Capability of the direct hit in the anti-ship role has been demonstrated. Letter of Interest has been issued by Navy. However, Production & supply orders has not yet been placed. If an order is placed now, the delivery of the missile system can start after 12 months. Production set up has been established and production of long lead sub-systems launched are awaiting Navy's orders.

**NAG:** 53 flight tests have been undertaken proving various subsystems and guided flights of NAG, the third generation anti-tank missile with 'fire and forget' capability. The missile has hit the simulated target several times directly in a guided mode. Missile will be ready for user trials by end of 2004 after which it will enter that production and induction phase. The production and delivery of missile system will start 18 months from the date of placement of order by the Army.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

The Committee, therefore, recommend that the development of BrahMos and NAG missiles should be expedited so that same can be inducted into the Armed Forces at an early date. The Committee further desire that the Ministry should also put efforts to develop the Air Force Version of these two missiles.

**Reply of the Government**

The Indo-Russian Joint Venture (JV) has completed the development of anti-ship version of BrahMos missile. The land to land version is in the development phase. For air launched missile with Sukhoi aircraft (Su-30 MK-1), design effort has started.

Nag missile fitted in Advanced Light Helicopter (ALH) for Army aviation is being developed and will be accelerated.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]



### CHAPTER III

#### RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLIES

##### **Recommendation (Sl. No. 5, Para 77-78)**

The Committee notes that the Government had constituted a Group of Ministers (GoM) in April 2000 to thoroughly review the National Security System. One of the major recommendations of the GoM was the establishment of the Chief of Defence Staff (CDS). The recommendations of the GoM were approved by the Government with the modification that before a view is taken on the recommendations relating to the institution of CDS, various political parties may be consulted. The Committee are however, surprised to note that the Government has yet not come to any decision on the post of CDS even after the lapse of more than three years. The Committee would like to stress that the coordination and synergy amongst the Armed Forces, Service headquarters and the Ministry of Defence is extremely vital for expeditious decision-making and also for enhancing the capabilities of our Defence Forces. The existing structure for higher defence management, *viz.* the Chiefs of Staff Committee have not been able to optimally perform their role and functions in bringing together and promoting coordination amongst the Services. The Committee are constrained to observe that the Ministry has learnt no lesson from the set-backs of Kargil and success of India's first theatre Command, *viz.* Unified Andaman & Nicobar Islands Command.

The Committee would, therefore, like the Ministry to urgently take a view on the recommendation of the GoM to ensure the immediate establishment of the Chief of Defence Staff.

##### **Reply of the Government**

While it is true that a decision on the institution of a CDS has not yet been taken in view of the complexities and sensitivities involved and the need for wider consultation with political parties, a number of steps have been taken to achieve the basic objectives behind the creation of such a post, notably, to improve 'jointness', synergy and

coordination between the three Services, rationalize planning and optimize expenditure on defence, strengthen the higher defence management, and expedite decision-making. Pending a decision on the creation of the post of Chief of Defence Staff (CDS), an Integrated Defence Staff has been set up under the Chief of Integrated Defence Staff to the Chiefs of Staff Committee (CISC) to support the chiefs of Staff Committee and its Chairman in the optimum performance of its roles and functions, and bringing together and coordinating several functions common to the Services. Planning functions, including the formulation of Long Term and Five Year Plans and Annual Budgets have been brought under the Integrated Defence Staff. Tri-Service bodies promoting 'jointness' and 'synergy' among the Armed Forces have been set up like the Defence Intelligence Agency (DIA), the Strategic Forces Command (SFC) and the Andaman and Nicobar 'theatre' Command. Individual Service Headquarters have been re-designated and integrated to the Ministry of Defence as part of the 'Integrated Headquarters of the Ministry of Defence'. These steps have brought about a significant progress in promoting a culture of jointness, and better coordination and synergy amongst the Armed Forces and between the Armed Forces and the Ministry of Defence that was demonstrated in the response and handling of rescue, relief and rehabilitation efforts to deal with the December 26, 2004 Tsunami.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please See Para 16 of Chapter-I).

## CHAPTER IV

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVT. HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

#### **Recommendation (Sl. No. 1, Para 30-33)**

The Committee note that the Budget Estimates for the Defence Services at Rs. 77,000 crore for the year 2004-05 show an increase of 17.92 per cent over the Budget Estimates of Rs. 65,300 crore and an increase of 27.69 per cent over the Revised Estimates of Rs. 60,300 crore for the year 2003-2004. The increase has been mainly under Capital expenditure, which has increased from Rs. 20,953 crore (approx.) in Budget Estimates in 2003-2004 to Rs. 33,483 crore (approx.) in Budget Estimates in 2004-2005.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

The Committee also note that notwithstanding the higher allocation the Minister of Defence has stated that his Ministry may have to seek additional funds from the Ministry of Finance later in the year. This has to be viewed in the context that the Ministry had projected a requirement of Rs. 86,457 crore to the Ministry of Finance for obligatory charges, essential maintenance needs, committed liabilities and prioritized new schemes of the Defence Services. The projections included an amount of Rs. 6,918 crore for prioritized new schemes/projects. The Committee were informed during the evidence that almost the entire amount allocated for Capital expenditure will be spent on committed liabilities due to agreements signed recently for procurement of defence equipments leaving only about Rs. 1,000 crore for the new schemes/acquisitions.

The Committee are extremely concerned that not only the amount available with the Ministry on account of Capital expenditure after adjusting the committed liabilities is hardly adequate for taking up any new projects/scheme but several schemes/projects which are at various stages of finalisation would also have to be deferred.

The Committee, therefore, recommend the Ministry to assess the situation in the light of likely impact of reduced allocations on the new schemes and on-going acquisition proposals and approach the Ministry of Finance for supplementary allocations at the earliest to ensure that the modernization plans and procurement of essential equipments do not suffer or are delayed merely because of squeezing of funds.

#### **Reply of the Government**

The modernization of the defence forces is an ongoing process and the Finance Minister in his budget speech has also stated that the Government is determined to eliminate all delays in modernization of Defence Forces. Having regard to the trend of defence capital expenditure in recent years, the allocation for defence has been increased to Rs. 77,000 crore, as against Rs. 65,300 crore in BE 2003-04 which includes an allocation for capital expenditure of Rs. 33,483 crore as against Rs. 20,953 crore in BE 2003-04. Ministry of Defence will also continue to progress modernization schemes up to the point where it needs financial approval of the Government. If some delays on the part of the suppliers or some slippage takes place, the Ministry would progress new projects/schemes out of available allocation. The progress of defence expenditure and the status of ongoing/new schemes would, however, also be kept under constant review during the financial year and the Ministry of Finance would be approached for additional funds, as and when required.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please See Para 7 of Chapter-I of the Report)

#### **Recommendation (Sl. No. 2, Para 40-43)**

The Committee note that during the last five years, *i.e.* 1999-2000 to 2003-2004, substantial allocations amounting to Rs. 32,740.26 crore for Capital Expenditure has lapsed due to non-fructification of the Defence Modernisation and procurement plans. The Committee are conscious that the modernization of the defence services is a continuous process and the acquisition proposals which do not or cannot fructify in a financial year are processed/finalized in subsequent years but feel that the ritual of approaching the Ministry of Finance, every

financial year, for re-allocation of lapsed fund for the same project, is dilatory and completely redundant. The Committee also feel that under-utilisation/non-utilisation of allocations do not augur well for Defence preparedness and seriously undermine the capabilities of the Defence forces. The Committee had, therefore, in their earlier reports strongly recommended for the creation of a Non-Lapsable Defence Modernisation Fund as one of the measures to streamline the procurement procedure.

The Committee were informed subsequently that the Ministry of Finance had in principle agreed to the creation of the Defence Modernisation Fund which would be available for utilisation over the coming three years.

The then Finance Minister while presenting the Interim Budget, 2004-05 also announced the setting up of a Non-Lapsable Defence Modernisation Fund with a corpus of Rs. 25000 crore to commit the availability of adequate funds for the defence modernization and weapon systems acquisitions. The Ministry has, however, surprisingly conveyed that no allocation for this fund has been made in the General Budget 2004-05 and that the Government has yet to take a decision to set up the said Fund.

The Committee are extremely dismayed at this abrupt policy reversal by the Ministry and express their deep anguish that a well considered decision which was taken after a lot of deliberations has been reversed without any justifiable reason. The Committee would, therefore like the Ministry to set up at once the Defence Modernisation Fund with committed allocation for a period of five years as lapsing of funds year after year has greatly hampered procurement of defence equipments and the modernization plans of the Defence forces. The progress of utilization of fund should be closely monitored and periodically reviewed with corrective action taken to ensure that the objectives of the Fund are fully achieved.

#### **Reply of the Government**

The modernization of Defence Forces is an ongoing process and under utilization of funds in a financial year does not result in dropping of any proposal. In order to fully utilize the allocated funds, the progress of Defence expenditure and status of various procurement

proposals is kept under constant review and follow up action, as necessary, is taken. With a view to synergise efforts involved in procurement and to speed up the decision making process, a new procurement organisation has been established to deal with acquisitions on capital account for the Defence Services.

2. The primary concern, which was sought to be addressed with the creation of Defence Modernisation Fund, was the assured availability of funds for modernization schemes of Defence Forces, which were catered for in one years' budget but did not materialize in that year. The problems of adequacy or otherwise as also utilization or otherwise of annual capital budget can best be addressed by ensuring that Five year Defence Plan is firmed up before the commencement of Plan period and Finance Ministry indicates broad annual break up of availability of funds of the five years at the beginning itself.

3. However, keeping in view the under utilization of funds during the past few years, the Standing Committee on Defence in their earlier Reports had recommended creation of a Non-lapsable Defence Modernisation Fund and to expedite the formulation of modalities and procedures for its operationalisation. The Ministry of Defence, with the approval of Ministry of Finance, drew up a detailed accounting procedure for operationalising the Defence Modernisation Fund and sent the proposal for approval to the concerned authorities including Comptroller & Auditor General of India.

4. It emerged while formulating the modalities for creation/ operationalisation of the Defence Modernisation Fund in consultation with the concerned authorities that the unspent funds in the Defence Modernisation Fund would not be automatically available to the Ministry of Defence for utilization in a subsequent financial year. Ministry of Defence would be required to seek the approval of Ministry of Finance and Parliament at the stage of Budget Estimates as well as for any Supplementary Demands for Grants for utilization of funds out of Defence Modernisation Fund. This would imply that Ministry of Defence would not be able to decide on its own about the utilization of the balance amounts in the Defence Modernisation Fund and would necessarily have to take the approval of Ministry of Finance and Parliament. Further, replenishment of such a Modernization Fund would also be limited by the overall availability of resources with the Ministry of Finance in a financial year. In other words, the overall resource

constraints of the Ministry of Finance will have a decisive impact on the amounts to be transferred to the Modernisation Fund and utilization of balances in the Fund. This has also been the experience in operating other such funds.

5. In this backdrop, the utility of Defence Modernisation Fund in addressing the issue of assured availability of funds will be rather limited and hence the proposal is not being pursued further for the present. However, Ministry of Defence will continue to strive to ensure availability of funds commensurate with the needs of the Defence Services for their modernisation programmes year after year.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please *See* Para 10 of Chapter-1)

#### **Recommendation (Sl. No. 3, Para 47)**

The Committee express their serious concern that despite half of the plan period having already elapsed, the Tenth Defence Plan (2002-2007) has not yet been finalized. The reason for delay, as stated by the Ministry, was a lack of firm commitment from the Ministry of Finance, even on revised projections made after a detailed review within the Ministry of Defence and Service Headquarters. The Committee had in their earlier report, stressed upon the urgency to finalize and put into effect the Tenth Plan without further loss of time.

The Committee are not convinced with the sketchy reasons advanced by the Ministry for delays and feel that the Ministry had neither shown any urgency nor followed up with the Ministry of Finance to get the firm commitment of funds to finalize the Plan. The Committee are not happy with the planning mechanism in the Ministry which has moved only at a snail's pace and consequently with no result even after the lapse of one more year, precipitating a situation with no approved Defence Plan to speak of even in the third year of the Plan period.

The Committee are surprised to note that the actual allocations during first three years of the Tenth Defence Plan are much below the Projected requirements of Defence Services. The Committee are constrained to visualize that reduced allocations *vis-a-vis* projections may curtail even essential procurement and modernization plans.

The Committee need not emphasize that yearly allocations are no substitute for long term plan commitments and therefore, concerned that avowed objectives of the Plan will face severe setbacks affecting the overall defence capabilities in case it is not finalized immediately.

The Committee, therefore, recommend that finalization of the Tenth Defence Plan with committee allocations should be taken up at the highest level with the Ministry of Finance so that the process of structuring, upgradation and modernization of Armed Forces in the areas of infrastructure as well as equipment is carried forward, thereby, enhancing the Defence capabilities at the desired pace.

#### **Reply of the Government**

The Ministry of Defence has energetically pursued the allocation of funds for defence in the Tenth Plan with the Ministry of Finance with a view to bridging the gap between the projections made by the Ministry of Defence and the availability of funds indicated by the Ministry of Defence without affecting the country's defence preparedness. The projections of the Ministry of Defence for the Tenth Defence Plan were reviewed thrice between March 2003 and July 2004 bearing in mind the needs of defence modernization and the likely constraints to the availability of funds for defence in the Tenth Plan. The Ministry of Finance have now agreed in principle to the latest projection made by the Ministry of Defence of Rs. 4,18,101 crore. However, a firm indication of annual outlays for the remaining two years of the 10th Plan has not yet been given by the Ministry of Finance.

Meanwhile, in the absence of a formal approval of the allocation for defence in the Tenth Plan, defence planning has been harmonized with the allotments for defence in the annual budgets of the Government. Actual expenditures in 2002-2003 and 2003-2004 were Rs. 55,662 crores and 60,300 crores respectively. An allocation of Rs. 77,2000 crores has been made in the Budget Estimate for 2004-2005 against a projection of Rs. 90,928 crores. About 11,000 crores additional funds have been allocated beyond the Budget Estimate for the capital head.

The projected expenditures in 2005-2006 and 2006-2007 are Rs. 1,00,960 crores and 1,10,251 crores respectively. Secretary (Defence Production) to assist the Raksha Mantri in taking decisions in the totality of the new planning process, including capital acquisitions and major modernization projects. The Government has also set up a dedicated institutional structure for defence procurement, the Defence Procurement Board, headed by the Defence Secretary for acquisitions on the capital account. Planning processes have been further tightened



under budgetary pressures and the need to establish greater synergy and jointness amongst the Armed Forces. This has also necessitated greater coordination in planning and procurements among the three services.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please See Para 13 of Chapter-1)

#### **Recommendation (Sl. No. 8, Para 98-99)**

The Committee are extremely concerned to find the nearly 28 percent shortage at officers' level in the Army. The reasons for the shortage as stated by the Ministry is that Short Service Commission is not attractive enough to the talented youth due to lack of promotional avenues and the difficult service conditions, though the image projection campaign of the Army has had some impact. The Committee further note that the Working Group on reduction in Colour Service and lateral transfer of personnel in their report has suggested of lateral transfer of personnel from Army to Central Para Military Forces. The Committee would like the Government to take an early decision on the report so that the slide in the officers' cadre can be arrested.

#### **Reply of the Government**

A Committee set up in the Ministry of Defence has examined this issue and submitted its report which is under consideration of the Government. The Committee recommended, *inter alia* upgradation of appointments, time based promotion in non-select ranks, measures to increase attractiveness of Short Service Commission etc.

Transfer of Army personnel to Central Para Military Forces, envisages transfer of personnel below officer rank only. The draft report of the Working Group was examined by the Government and certain issues relating to protection of seniority, utilization of training capacity and other issues were examined. The Ministry of Home Affairs has submitted its recommendations to the Cabinet Secretariat for consideration of the Apex Committee headed by Cabinet Secretary.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Paragraph No. 99**

The Committee are convinced that the prime reason for lack of response to Short Service Commission is the bleak future which awaits the trained and disciplined officers once they are discharged barely after 5 years of service, with no prospects whatsoever either in Public

or Private Sector. The Committee, therefore, strongly recommend that to meet the shortage of officers in the immediate future, the period of Short Service Commission should immediately be raised from 5 years to 10 years subject to further extensions as per the existing norms and rules. The Ministry should take all other measures which may include more promotional avenues for Short Service Commission Officers in their cadre, reservation and lateral transfer to Public Sector Undertaking, Central Para Military Forces, Railways, etc. and also prorata pension to officers who have tendered even mandatory five years service, to attract the talented youth to our Armed Forces.

#### **Reply of the Government**

The tenure of Short Service Commissioned Officers in the Army has been increased to 14 years from 10 years with effect from 31st March 2004. The revised tenure will comprise of an initial contractual service of 10 years and one extension of 4 years. A Committee set up by the Government has also recommended specific measures for Short Service Commissioned Officers, for instance, concessions in the Civil Service Examinations, lateral induction into Central Para Military Forces, Public-Private Sectors etc. These proposals are currently under the examination. There is no proposal under consideration for grant of Prorata pension to Short Service Commissioned Officers. However, provision of lump-sum terminal grant for Short Service Commissioned officers, as recommended by the Committee, is under examination.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please See Para 25 of Chapter-1)

#### **Recommendation (Sl. No. 11, Para 116-120)**

The Committee note that during the period of 'Operation Parakram' a total of 473 Army personnel were killed and 1,401 wounded including 60 killed and 142 wounded in mine laying operations. The defence forces also suffered heavy losses in low intensity conflict in J&K.

#### **Reply of the Government**

The Text of the para is based on the inputs provided as mentioned in para 95 of this very Report and does not call for any Action Taken Statement.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please See Para 31 of Chapter-1)

**Paragraph No. 117**

The Committee feel that a large number of lives could have been saved if the soldiers were fully equipped with protective gears *viz.* helmets, bullet proof jackets, etc. and provided with night vision devices, communication sets and sensors.

**Reply of the Government**

Over the last few years, there has been a marked improvement in provision of better weapons and equipment, to the soldiers fighting terrorism in Jammu & Kashmir and the North East such as state-of-the-art small arms with night fighting sights, surveillance system, specialist weapons, communication equipment and individual protective gear. Details of the equipment and weapons are as follows:—

- (a) **Communications and Surveillance.** Adequate Surveillance systems based on various electro-optical, seismic, IR and magnetic detection technologies have been deployed in a complementary manner to check infiltration and for counter terrorist operations. Some of the equipment deployed are Unattended Ground Sensors, Battle Field Surveillance Radars, Hand Held Thermal Imagers, Long Range Reconnaissance and Observation System, Unmanned Aerial vehicles.
- (b) **Specialist Weapons.** Latest weapons inducted include Anti material Rifle, Under Barrel Grenade Launcher for AK 47 Rifle, Flame Thrower, Light Weight Rocket Launcher and Automatic Grenade Launcher. These have substantially augmented the combat potential of the Army in counter terrorism and counter insurgency operations.
- (c) **Protective Gear.** Soldiers undertaking counter terrorist operations have been provided with adequate individual protective gear, which includes Bullet Proof Jackets and Patkas. For mining, de-mining operations during Operation Parakram, soldiers, were provided anti mine boots, helmets with visors and other protective clothing. Hyderema de-mining vehicles were used extensively in de-mining and re-proving operations.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Comments of the Committee**

(Please See Para 31 of Chapter-1)

**Paragraph No. 118**

The Committee, therefore, strongly recommend that our soldiers who face extreme adverse climatic conditions ranging from hot weather desert of Rajasthan to biting cold of Siachen must be provided the best available equipments in the world.

**Reply of the Government**

The Army remains consistent in its effort to equip the troop appropriately, for operating effectively in all types of terrain and warfare, and to that extent, the Standing Committee's recommendations at Para 101 are endorsed for implementation in future plans.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

**Comments of the Committee**

(Please See Para 31 of Chapter-1)

**Paragraph No. 119**

The Committee are shocked to note that outdated and defective stock of mines with unworkable fuses were also put to use during 'Operation Parakram' resulting in a large number of casualties during the mine laying and de-mining operations. The Committee feel that these casualties were entirely avoidable if the duly valid mines alone were used and the required procedure with adequate safety measures was followed. The Committee desire that the mine accidents should be enquired into afresh and the responsibility fixed for the use of outdated mines and disregard of laid down safety procedures.

**Reply of the Government**

Director General of Ordnance Services has laid down the guidelines prescribing 10 years as the initial shelf life of different categories of mines and fuses. These guidelines further state that no stock will be declared unserviceable merely because it is outdated but should continue to be used till actual failure at proof which implies that the stock which has achieved the life of 10 years will be subjected to technical examination by the Director General of Quality Assurance and testing periodically by selecting the prescribed number of random samples to be tested from the batch manufactured on a particular date and only these stocks will be continued in service which pass this test. Also if the visual condition shows any deterioration then the mines and fuses will be condemned at any stage of their life.

(ii) In accordance with these guidelines batches of mines which are not defective are validated and declared serviceable on the basis of the prescribed procedure and these stocks were issued for mining the Indo-Pak border during 'Op. Parakram'.

(iii) Despite all safety measures and prescribed procedures being observed the various environmental, terrain and battle related factors such as operational urgency, mines laid during hours of darkness to prevent detection by the enemy, severe fog and winter conditions, thick undergrowth and boggy ground conditions, caused casualties and these factors were beyond the control of the field formations.

(iv) No useful purpose will be served in conducting fresh enquiries into the mine accidents during 'Op. Parakram' since during this operation majority of the accidents took place for reasons beyond the control of field Commanders. Further, use of only those available mines which were serviceable as per the extant norms was made.

(v) However, as an additional precautionary step the Army Head Quarters and Ministry of Defence are examining the technical implications involved in revision of the current policy to fixing an outer limit to the shelf life of 15 years for mines and 10 years for fuses. Also the financial implications for the purchase and production of new mines and fuses is being worked out which are likely to be substantial and may have to be undertaken in a phased manner over a number of years. The latest technology in mines and fuses and their cost will also be kept in view before taking a final decision in the matter.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please See Para 34 of Chapter-1)

#### **Paragraph No. 120**

The Committee also recommend that old defective stock of mines fuses may be replaced immediately with modern, state-of-the-art mines and excavation equipments for de-mining, for use in future operations.

#### **Reply of the Government**

Old stock mines upto 1975 vintage have been sentenced as "unserviceable" and are being disposed off, while proof testing of mines of vintage 1976 to 1989 is under progress by the Directorate General of Quality Assurance (DGQA). For future operations, AHQ is considering the procurement of a new family of state-of-the-art mines and de-mining equipment.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please See Para 34 of Chapter-1)

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

#### **Recommendation (Sl. No. 6, Para 83)**

'The Committee are constrained to note that despite their repeated recommendations for early construction of a National War Memorial and National War Museum, no progress has been made in this regard. The Committee are surprised that though the matter had been vigorously pursued at the minister's level, no site/land has been indicated/allocated by the Ministry of Urban Development for the purpose. The Committee, while expressing their displeasure at the lackadaisical attitude of the Government in the construction of these symbols of national pride, recommend that a high level Inter-Ministerial Committee may be constituted immediately to identify a suitable site for construction of these projects or enable the indebted Nation to honour and pay its tribute to the sacrifice and sentiments of thousands of martyrs who laid down their lives for the sake of their motherland.'

#### **Reply of the Government**

The issue relating to allotment of land for construction of National War Memorial and National War Museum has been taken up with the Ministry of Urban Development. However, the allotment could not materialize. The Secretary, Ministry of Urban Development took a meeting on 02-12-2004, in which the representatives from Ministry of Defence, NDMC, Delhi Urban Arts Commission & CPWD were called. The Secretary Urban Development indicated that a decision would be taken after examining the new concept of National War Memorial proposed by the Ministry of Defence. For construction of National War Museum he advised the Ministry of Defence to locate suitable land in Delhi Cantonment Area or elsewhere within the National Capital Region.

As recommended by the Standing Committee on Defence, the Cabinet Secretariat is being requested to constitute an Inter-Ministerial High Level Committee to identify and allot suitable land for construction of National War Memorial and National War Museum.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

### **Comments of the Committee**

(Please See Para 18 of Chapter-I)

#### **Recommendation (Sl. No. 7, Para 88-90)**

The Committee note that the demand for setting up of a Indian National Defence University (INDU) is under the consideration of the Ministry for the last two years as thorough deliberations and analysis of a large number of issues is required. The existing institutions like College of Defence Management, Defence Services Staff College. National Defence Academy, National Defence College, apart from three Services need to be consulted. The setting up of the University also encompasses the structural changes required to tackle the issues of integration of the course of studies in the proposed University with the existing training methodologies and systems in the Armed Forces.

The Committee feel that the fast changing world security scenario and advancement in defence technology have underlined the growing importance of specialized defence studies and analysis in a professional manner. The Committee would, therefore, like the Ministry to expedite the setting up of the India National Defence University so that the required number of defence and security experts are available to assist the Ministry, Defence institutions and allied industries in formulating strategies and plans.

The Committee also desire that while setting up the University, Ministry should take measures so that cross discipline studies are promoted. In the meantime, the Ministry should ensure that the degree and certificates awarded by the various defence institutions are universally recognized.

#### **Reply of the Government**

The various recommendations given by the Committee on the National Defence University (CONDU) are under examination in the Government in consultation with the Ministry of Finance and a detailed project report to this effect is under preparation. The recommendations of the Committee include the establishment of a number of new institutions and programmes within the Indian National Defence University (INDU). Some of the existing institutions like College of Defence Management (CDM), Defence Services Staff College (DSSC), National Defence Academy (NDA), and National Defence College (NDC) are proposed to be incorporated into INDU.

2. The structural changes required to integrate course studies in INDU with existing training methodologies and systems in the Armed Forces, would also be addressed.

3. The fact that the world over, 'Defence studies' is a faculty in many established universities coupled with the sizeable costs involved in setting up of the INDU as envisaged, present an alternative scenario to the setting up of the INDU. The matter, thus, requires detailed examination and deliberation on the various issues involved in which the Ministry of Defence is at present engaged.

4. As per the existing norms, various Defence training institutions are affiliated to universities, which are universally recognized, and degrees and diplomas are awarded on completion of training. For instance, the NDA, Khadakwasala is affiliated to the Jawaharlal Nehru University (JNU), which awards BSc/BA degrees to successful cadets. Similarly, the Army War College (AWC), Mhow and Infantry School, Mhow are affiliated to the indore University which in turn awards degrees/diplomas. Along the same line, DSSC, Wellington is affiliated to the Madras University and Military College of Telecommunication Engineering (MCTE), Mhow is affiliated to the JNU, which in turn awards degrees on successful Completion of the training courses.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Comments of the Committee**

(Please *See* Para 22 of Chapter-I)

#### **Recommendation (Sl. No. 9, Para 105)**

The Committee are happy to note that a new Department to look after Welfare of Ex-Servicemen is being set up. The Committee in their various reports have been recommending for providing One Rank One Pension to Ex-Servicemen in a fixed time frame. The Committee are, however, constrained to note that Inter-Ministerial Committee constituted by the Government to examine this issue has still not given its report. It shows that Government is not serious to implement this long standing demand of Ex-Servicemen resulting in disillusionment of old defence pensioners who have served the country in the most demanding circumstances. The Committee strongly recommend that an early decision may be taken on the matter and 'One Rank One Pension' be implemented without further loss of time.



### **Reply of the Government**

The demand for One Rank One Pension has been persistently raised by the Organisations of Ex-Servicemen at different fora in the past. It was considered but not recommended by the Fourth and the Fifth Central Pay Commissions. The Inter-Ministerial Committee, set up by the Department of Pensions & Pensioners' Welfare (DP&PW), deliberated upon this issue and submitted its report to the Government on 24.09.2004. This Committee did not favour grant of 'One Rank One Pension' keeping in view the administrative, financial and legal imprecations as well as its likely repercussions on the civil side. However, to further liberalise the pensionary benefits of Personnel Below Officer Rank (RBOR), the Committee recommended grant of modified parity based on maximum of the pay in the revised scales introduced with effect from 01.01.1996. The report of the Committee has been accepted by Ministry of Defence.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

#### **Recommendation (Sl. No. 10, Para 109-111)**

"The Committee note that information warfare is assuming a key role in the operation of hi-tech weapons and to achieve strategic and tactical superiority. The Committee also note that the Directorate for Information Warfare, under an Additional Director General was created in August 2003 as part of the Military Operations Directorate of the Army Headquarters. The functions of the Directorate for Information Warfare include formulating policy and guidelines on all aspects of Information Warfare and monitoring its implementation in the Army. The Committee feel that the Information Warfare has a very vital role in the operations of Air Force and Navy as well. Therefore, the Committee recommend that this Directorate should be a tri-Service body while coordinating closely with the Ministry of Home Affairs and intelligence agencies so that information received from them can be effectively utilised not only against the enemies from outside but also against insurgent groups operating in the country".

The Committee also note that Electronic Warfare systems have been deployed effectively in Low Intensity Conflict operations in J&K and North Eastern parts of the country. The Committee further note that Electronic Counter—Counter Measures systems are highly sophisticated electronic equipments. The indigenous development and manufacture

of Electronic counter Measures and Electronic Counter—Counter Measures systems started late in India and, therefore, high levels of sophistication have not been achieved in this field.

The Committee desire that the acquisition and deployment of Electronic Warfare and Electronic Counter—Counter measures should be given high priority and steps must be taken for their indigenous developments.

### **Reply of the Government**

The HQ Interested Defence Staff (IDS) is working in the direction of the Standing Committee's viewpoint regarding a tri-Services body on Information Warfare. A Directorate of Information Warfare & Information Technology has been formed in the HQ IDS to take up the issues of Information Warfare (IW) at tri-service level. A Joint Information Warfare doctrine has been formulated by this Directorate to serve as the base document for IW activities. A Defence Information Warfare Agency (DIWA) is also being raised by HQ IDS with the approval of the Chiefs of Staff Committee, to look after the strategic and other IW needs of the three Services.

The Electronic Warfare (EW) systems are technology intensive systems. The sophisticated technology involved in hardware/software is not easily accessible. The difficulty in obtaining the desired level of sophisticated equipment and the advantages associated with its indigenous production, encouraged research and development in the field.

The programmes, SAMYUKTA for the Army and SANGRAHA for the Navy, were launched by the Defence Research & Development Organisation (DRDO) for development of credible indigenous EW capability. SAMYUKTA was launched in 1994 and is expected to be completed in November 2005. Similarly, Project SANGRAHA which was sanctioned in 1995 for the Navy is expected to be completed in June 2005. The long gestation period of these projects can be attributed to the complexity involved in first-time development of the systems. These complex systems have to be interactive and require prolonged cycle of about 15-20 years to develop and achieve maturity.

These systems are multi-platform and have distributed architecture involving very high integration of various hardware components. The development of electronic modules itself is extremely time consuming. The integration of the separate modules would also require changes in platform design. Therefore, the initial development of the hardware and their integration to produce such a high end system is difficult to achieve. This difficulty is also compounded by the reluctance of advanced nations of supply electronic equipment used in the development of the hardware. This position of US sanctions also adversely affected the availability of critical electronic components.

Besides the hardware element, another area that India has to develop is in the area of sophisticated software that is required to run the systems. The development is also very time consuming. The software development standards in regard to military equipment are more rigorous than in commercial application. The software integration forms a major challenge in such a system which has hardware from multiple vendors including those that are indigenous and imported. Some of the reasons for delay are also attributable to the lack of comprehension of the users requirements. Translation of domain knowledge into software development and multiplicity of agencies involved in development of software.

As desired by the Committee, high priority has been accorded for acquisition of Electronic Warfare (EW) and Electronic Counter—Counter Measures (ECCM). Towards this end, programme SAMYUKTA was launched in 1994 for indigenous Electronic Warfare capabilities for the army. Its probable date of completion is November, 2005. In order to meet the operational requirement especially of tactical EW variants, a two pronged approach has been adopted *i.e.*, developing and fielding of indigenous EW system and as an interim measure import EW equipment to meet the immediate requirement so as to fill the existing voids. Based on the EW philosophy and other factors like mobility requirement, tube of terrain, nature of operations and operational conditions, the EW systems variants for the Army required to be produced indigenously till the end of the 12th plan have been planned. Similarly, the indigenous EW project for the Navy, 'SANGRAHA' was sanctioned in 1995. The project envisages development and production of EW equipment, for all the three dimensions (*i.e.* air, surface and sub-surface). As regards Air Force a large number of indigenously developed Radar Warning Receivers and Jammers have been fitted on our aircraft fleet. The DRDO laboratories have also initiated projects

for development of improved versions of Radar Warning Receivers, missile approach warning system and laser warning system.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

### **Comments of the Committee**

(Please *See* Para 28 of Chapter-I)

#### **Recommendation (Sl. No. 19, Para 176-177)**

The Committee are unhappy to note that despite their recommendations in the 7th and 19th Reports ((13th Lok Sabha) for the development of an Aerospace Command, no initiative has yet been taken by the Ministry. Considering the futuristic scenario of space warfare, the Committee would like to stress the immense importance and potential of space technology in modern air defence system.

The Committee, therefore, desire that it is necessary not only to take measures to protect the national assets in space but it is equally important also to have the strategic preparation to counter any threat from the outer space. The Committee, while appreciating the Government stand for preventing arms race in outer space, also feel that India should always be prepared for any threat that may emanate from space. The Committee, therefore, recommend that the development of Aerospace Command must be examined expeditiously by the Air Headquarters and concrete steps be taken to set up the Command earliest.

#### **Reply of the Government**

The Government remains fully committed to taking all necessary steps to safeguard the nation's security including threats emanating from outer space. It is in the process of examining all aspects related to an Aerospace Command.

[MoD, OM No. H-11013/3/2004/D (Parliament), dated 17.1.2005]

NEW DELHI;  
19 March, 2005  

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28 Phalguna, 1927 (Saka)

BALASAHEB VIKHE PATIL,  
*Chairman,*  
*Standing Committee on Defence.*

MINUTES OF THE NINETEENTH SITTING OF THE STANDING  
COMMITTEE ON DEFENCE (2004-05)

The Committee sat on Saturday, the 19 March 2005 from 1600 hrs. to 1730 hrs. in Committee Room No. 'C', Parliament House Annexe New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil—*Chairman*

MEMBERS

*Lok Sabha*

2. Shri Churchill Alemao
3. Shri Iliyas Azmi
4. Shri A.V. Bellarmin
5. Shri Milind Deora
6. Dr. C. Krishnan
7. Dr. K.S. Manoj
8. Shri Manvendra Singh

*Rajya Sabha*

9. Smt. N.P. Durga
10. Shri Janardan Dwivedi
11. Shri Anand Sharma

SECRETARIAT

1. Shri P.D.T. Achary — *Secretary*
2. Shri P.K. Bhandari — *Director*
3. Smt. Anita Jain — *Deputy Secretary*
4. Shri D.R. Shekhar — *Under Secretary*

2. At the outset Chairman welcomed the Members to the sitting of the Committee. The Committee then considered the Draft Action Taken Report on the recommendations contained in First Report of the Committee (14th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2004-05. The Committee thereafter took up the Draft Action Taken Report on the recommendations contained in the Twentieth Report (13th Lok Sabha) on 'Welfare of Servicemen and Ex-Servicemen'.

3. The Members suggested certain additions/modifications/amendments for incorporating in the two draft Reports. The draft Reports with some modifications were then adopted by the Committee.

4. The Committee authorized the Chairman to finalise the Reports in the light of further discussions and consequential changes for their presentation to Parliament.

*The Committee then adjourned.*

## APPENDIX

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FIRST REPORT OF THE STANDING COMMITTEE ON DEFENCE (FOURTEENTH LOK SABHA) ON THE DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2004-2005

	Percentage of Total	
(i) Total number of recommendations	62	
(ii) Recommendations/Observations which have been accepted by Government ( <i>vide</i> recommendations at Sl. No. 52, 63-66, 100-101, 125-126, 133-135, 141-142, 152-154, 161-162, 170-172, 179-181, 187-188, 192-193)	30	48%
(iii) Recommendations/Observations which that Committee do not desire to pursue in view of Government's replies Para No. 77-78	2	3%
(iv) Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee ( <i>vide</i> recommendations at Sl. No. 30-33, 40-43, 47-51, 98-99, 116-120)	20	32%
(v) Recommendations/Observations in respect of which final replies of Government are still awaited 83, 88-90, 105, 109-111, 176-177	10	16%