

**STANDING COMMITTEE ON DEFENCE
(2001)**

(THIRTEENTH LOK SABHA)

ELEVENTH REPORT

MINISTRY OF DEFENCE
DEMANDS FOR GRANTS
(2001-2002)

Presented to Lok Sabha on 19.4.2001
Laid in Rajya Sabha on 19.4.2001



LOK SABHA SECRETARIAT
NEW DELHI
April, 2001/Chaitra, 1923 (Saka)

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(2001)

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30. Dr. (Smt.) Sudha Yadav

* Expired on 20.2.2001.

Rajya Sabha

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40. Shri Shanker Roy Chowdhury
41. Shri Adhik Shirodkar
42. Shri Kapil Sibal
43. Smt. Ambika Soni
44. Sardar Gurcharan Smgh Tohra
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SECRETARIAT

1. Shri Ram Autar Ram — Joint Secretary
2. Shri Krishan Lal — Director
3. Shri K.D. Muley — Assistant Director

INTRODUCTION

I, the Chairman, Standing Committee on Defence (2001) having been authorised by the Committee to submit the Report on their behalf present this Eleventh Report on the Demands for Grants of the Ministry of Defence for the year 2001-2002.

2. The detailed Demands for Grants of the Ministry for the year 2001-2002 were laid on the Table of the House on 8 March, 2001.

3. The Committee scrutinised the relevant documents on Demands for Grants as furnished by the Ministry of Defence.

4. The Committee took evidence of the representatives of the Ministry of Defence on 28 & 29 March, 2001. The Committee considered and adopted the Report at their sitting held on 12 April, 2001.

5. The Committee wish to express their thanks to the representatives of the Ministry of Defence for appearing before the Committee and for furnishing the material and information in a very short span of time which the Committee desired in connection with the examination of Demands for Grants of the Ministry for 2001-2002 and for sharing with the Committee their views, perceptions concerning security, defence capability, modernisation/upgradation programmes and the availability of resources which came up for discussion during evidence.

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;
April 12, 2001
Chaitra 22, 1923 (Saka)

DR. LAXMINARAYAN PANDEY
Chairman
Standing Committee on Defence

REPORT

GENERAL

The allocations for Defence is only part of the challenge of meeting the nation's defence needs. The ability to effectively use the funds is the more important need.

2. The under-utilisation of last year's allocated funds by the three Services highlights the dilly-dalling in the decision making process and in the acquisition plans. Thus, the unfinished acquisition plans of the previous year are likely to spill over into the new financial years.

3. The Union Budget for the Defence Services estimates for the year 2001-2002 has proposed an increase of Rs.7539.09 crores in the total defence outlay over the revised estimates for the year 2000-2001. The Budget proposals of Ministry of Defence are contained in seven demands for grants i.e. Demand Nos. 13 to 19. Demand Nos. 13 and 14 cater to the requirements for the civil expenditure of the Ministry of Defence and Demand Nos. 15 to 19 to the budgetary requirements of the Defence Services.

4. The budgetary requirements for the Defence Services are included in the following five Demands for Grants presented to Parliament :-

- Demand No. 15, Defence Services — Army
- Demand No. 16, Defence Services — Navy
- Demand No. 17, Defence Services — Air Force
- Demand No. 18, Defence Ordnance Factories
- Demand No. 19, Capital Outlay on Defence Services.

5. The 'running' or 'operating' expenditure of the three Services and other Departments viz. Defence Research and Development Organisation (DRDO), Director General of Ordnance Factories (DGOF), Directorate General of Quality Assurance (DGQA), National Cadet Corps (NCC), Directorate General Aeronautical Quality Assurance (DGAQA) and Directorate of Standardisation, are provided under the first four Demands, which cater to the Revenue expenditure, while the fifth, viz.. Capital Outlay on Defence Services, caters to the expenditure incurred on building or acquiring durable assets. The Demand No. 15 (Defence Services - Army) caters to the Revenue expenditure of Army, NCC, R&D and DGQA.

6. The Revenue expenditure includes expenditure on Pay & Allowances, Transportation, Revenue Stores (like Ordnance stores, supplies by Ordnance Factories, rations, petrol, oil and lubricants, spares, etc.). Revenue Works (which include maintenance of buildings, water and electricity charges, rents, rates and taxes etc.) and other miscellaneous expenditure. The Capital expenditure includes expenditure on land, construction works, plant and machinery, equipment, tanks, Naval Vessels, Aircraft and Aeroengines, Dockyards etc. Expenditure on procurement of Heavy and Medium Vehicles as well as other equipment, which have a unit value of Rs. 2 lakhs and above and a life span of 7 years or more, is shown as Capital expenditure.

7. Approval of Parliament is taken for the "Gross" expenditure provision under different Demands for Grants. Receipts and Recoveries, which include items like sale proceeds of surplus/obsolete stores, receipts on account of services rendered to State Governments/other Ministries, etc and other miscellaneous items are deducted from the gross expenditure to arrive at the net expenditure on Defence Services. What is accepted in common parlance as the Defence Budget is the net expenditure thus arrived at for the five Demands, viz. Demand Nos.15 to 19.

Budget Estimates 2001-2002 of Defence Services

8. The Budget Estimates of the Defence Services for the year 2001-2002, as compared with the Budget and Revised Estimates for 2000-2001 and the actual expenditure during the year 1999-2000, are

(Rs. in crores)

	Actuals 1999-2000	Budget Estimates 2000-2001	Revised Estimate 2000-2001	Budget Estimates 2001-2002
REVENUE EXPENDITURE				
Gross Expenditure: Voted	36793.17	42339.42	41399.20	44096.13
Charged	8.51	12.36	13.43	13.08
Total	<u>36801.68</u>	<u>42351.78</u>	<u>41412.63</u>	<u>44109.21</u>
Receipt & Recoveries	1585.89	1691.18	1730.42	2067.73
Net Revenue Expenditure	<u>35215.79</u>	<u>40660.60</u>	<u>39682.21</u>	<u>42041.48</u>
CAPITAL EXPENDITURE				
Gross Expenditure: Voted	11840.40	17912.95	14765.25	19946.49
Charged	14.44	13.45	13.45	12.03
Total	<u>11854.84</u>	<u>17926.40</u>	<u>14778.70</u>	<u>19958.52</u>
Recoveries on Capital Account	-	-	-	-
Net Capital Expenditure	<u>11854.84</u>	<u>17926.40</u>	<u>14778.70</u>	<u>19958.52</u>
Net Revenue & Capital Expenditure	<u>47070.63</u>	<u>58587.00</u>	<u>54460.91</u>	<u>62000.00</u>

Civil Estimates of the Ministry of Defence

9. The requirements for the Civil expenditure of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores Department, Defence Estates Organisation etc., including share Capital contributions made/loans advanced to Defence Public Sector Undertakings and Defence Pensions, are provided for in two separate Civil Demands for Grants of the Ministry of Defence. These are not included in the overall Defence Allocation of Rs. 62000.00 crores in 2001-2002. The requirements of the Coast Guard Organisation and the Border Roads Organisation are provided for by the Department of Revenue and the Ministry of Surface Transport, respectively.

9. The provisions in RE 2000-2001 and BE 2001-2002 under Demand No. 13 are given below: Major components of gross Revenue expenditure in Revised Estimates 2000-2001-CSD (Rs. 3234.63 crores), Defence Accounts Department (Rs. 382.94 crores). Defence Estates Organisation (DEO) (Rs. 38.93 crores). In the Capital outlay of Rs. 28.08 crores in the Revised Estimates 2000-2001, the major allocations are for the Capital outlay on Housing/Office Buildings (Rs. 26.07 crores) and Miscellaneous Loans for URC by CSD (Rs. 2.01 crores) etc.

(Rupees in Crores)

	BE 2000-2001	RE 2000-2001	BE 2001-2002
Gross Revenue	3708.55	3700.20	4060.49
Capital	37.55	28.08	38.43
Gross Expenditure	3746.10	3728.28	4098.92
Receipts (CSD) (-)	3385.31	3389.60	3723.84
Amount met from N.R.F	-	-	-
Net Expenditure	360.79	338.68	375.08

(Break up given in Annexure-VII)

11. Demand No. 14 caters for Defence Pensions. This provides for pensionary charges in respect of retired Defence Personnel (including Civilian employees) of the three Defence Services, viz.. Army, Navy, & Air Force and also employees of Ordnance Factories etc. It covers payments of Service pensions, gratuities, family pension, disability pensions, commuted value of pensions, leave encashment and casualty awards such as War-Injury Pension and also Gallantry awards like Param Vir Chakra, Mahavir Chakra etc.

The position of budgetary allocation under this head is as under:-

(Rupees in Crores)

BE 2000-2001	RE 2000-2001	BE 2001-2002
12000.00	10538.93	10769.60

(Break up given in Annexure-VIII)

The reduction of Rs. 1461.07 crores in the RE over BE 2000-2001 allocation in the Demand is mainly due to less Dearness Relief sanctioned to Central Government Pensioners with effect from 1.1.2000 and 1.7.2000, than anticipated; less receipt of cases for suo-moto revision, revised and pre-86 retirees and low trend of expenditure in Leave Encashment cases, etc. The requirement of allocation in BE 2001-2002 shows an additional requirement of Rs.230.67 crores over RE 2000-2001 mainly on account of normal annual growth of pensioners and arrears on account of revision of Disability/War-Injury Pension.

Allocations for 2000-2001

12. As indicated in the General Budget, the provision for Defence Services under Demand Nos. 15 to 19 for 2000-2001 in the Budget Estimates (BE) was Rs. 60,278.18 crores (Gross) and Rs. 58587.00 crores (Net). The Revised Estimates (RE) has been pegged to Rs. 56,191.33 crores (Gross) and Rs. 54,460.91 crores (Net). As compared to the net actuals of 1999-2000, (Rs. 47070.63 crores), the RE for 2000-2001 shows an increase of Rs. 7390.28 crores and a percentage increase of 15.70%.

13. The Demand-wise position is as under :

(Rupees in Crores)

Demand	BE 2000-2001	RE 2000-2001
1. Army (Revenue expdr. of Army, NCC, R&D and DGQA)	29552.10	29245.32
2. Navy (Revenue expdr. of Navy)	4097.06	4098.74
3. Air Force (Revenue expdr. of Air Force)	8122.24	7488.19
4. Defence Ordnance Factories (Revenue expdr. of Ord.Factories)	580.38	580.38
5. Capital Outlay on Defence Services (Capital expdr. of all Services/Deptts.)	17926.40	14778.70
Total Gross Expenditure	60278.18	56191.33
Receipts/Recoveries	(-) 1691.18	(-) 1730.42
Total (Net)	58587.00	54460.91

14. Out of the Revised Estimates of Rs. 54460.91 crores for 2000-2001, the provision for Revenue expenditure is Rs. 39682.21 crores, while that for Capital expenditure is Rs. 14778.70 crores. The major components of the net Capital expenditure are Land — Rs. 51.95 crores, Works Rs. 1762.27 crores. Aircraft — Rs. 4095.05 crores. Heavy and Medium Vehicles—Rs. 448.32 crores. Other Equipment—Rs. 5967.48 crores, Naval Fleet—Rs. 2052.26 crores. Machinery and Equipment for Ordnance Factories—Rs. 25.00 crores and other items—Rs. 376.37 crores.

Budget Estimates 2001-2002

15. The Budget Estimates for 2001-2002 work out to Rs. 64067.73 crores (Gross) and Rs. 62000.00 crores (Net).

The Demand-wise position is as under :

(In crores of Rupees)

Demand	RE 2000-2001	BE 2001-2002
1. Army (Revenue expdr. of Army, NCC, R&D and DGQA)	29245.32	31773.16
2. Navy (Revenue expdr. of Navy)	4098.74	4331.51
3. Air Force (Revenue expdr. of Air Force)	7488.19	7923.92
4. Defence Ordnance Factories (Revenue expdr. of Ord. Fact.)	580.38	80.62
5. Capital Outlay on Defence Services (Capital expdr. of all Services Deptts.)	14778.70	19958.52
Total Gross Expenditure	56191.33	64067.73
Receipts/ Recoveries	(-) 1730.42	(-) 2067.73
Total (Net)	54460.91	62000.00

Category-wise break up

16. A comparison of the Service/Department-wise allocations in R.E. 2000-2001 and B.E. 2001-2002 is given below :

(Rupees in crores)

	Service*	R.E.	%age of Deptt. Total Budget	B.E. 2000-2001	%age of Total Budget	DETAILS 2001-2002 SHOWN IN
I	Army	31409.11	57.67%	34601.81	55.81%	ANNEXURE-
II	Navy	8214.19	15.08%	9138.82	14.74%	ANNEXURE-
III	Air Force	11333.98	20.82%	15272.56	24.63%	ANNEXURE-
IV	DGOF	(-) 130.08	(-) 0.24%	(-) 894.75	(-) 1.44%	ANNEXURE-
V	R&D	3273.31	6.01%	3508.34	5.66%	ANNEXURE-
VI	DGQA	360.40	0.66%	373.22	0.60%	ANNEXURE-
	Total	54460.91	100%	62000.00	100%	

* Net Revenue plus Capital provision has been shown here.

17. The Gross Revenue Expenditure in the Budget Estimates for 2001-2002 is 68.85% as compared to 73.70% in the Revised Estimates 2000-2001. The Gross Capital Expenditure in the Budget Estimates 2001-2002 is 31.15% as against 26.30% in the Revised Estimates 2000-2001.

18. The Net Revenue expenditure in the Budget Estimates for 2001-2002 is 67.81% as compared to 72.86% in the Revised Estimates, 2000-2001. The Net Capital expenditure in the Budget Estimates 2001-2002 is 32.19% as against 27.14% in the Revised Estimates 2000-2001.

Growth of Defence Expenditure vis-a-vis other Economic Parameters

19. The following table shows Defence expenditure as percentage share of the total Central Government expenditure as well as a percentage of GDP.

Year	Def. Exp. as % age of Central Govt. Expdr.	Def. Exp. as %age of GDP
1987-88	18.39	3.38
1988-89	17.81	3.16
1989-90	15.52	2.96
1990-91	14.65	2.71
1991-92	14.67	2.50
1992-93	14.34	2.35
1993-94	15.40	2.54
1994-95	14.46	2.30
1995-96	15.06	2.26
1996-97	14.68	2.16
1997-98	15.20	2.32
1998-99	14.28	2.27
1999-2000	15.79	2.41 Q
2000-2001(RE)	16.23	2.50 P
2001-2002 (BE)	16.52	2.53 P

Q - Quick Estimates

P - Provisional (as ascertained from Ministry of Finance)

Projection/Allocation of funds for Services

20. The three Services and other Defence Departments projected a total requirement of Rs. 73819.70 crores for 2001-2002. Of this, Rs. 46776.14 crores were under Revenue and Rs. 27043.56 crores under Capital.

21. Thereafter a series of detailed discussions were held within the Ministry with the representatives of the Services Hqrs. Based on the discussions. Ministry of Defence had

recommended an agreed requirement of Rs. 64142.93 crores for 2001-2002 for Defence to the Ministry of Finance. Of this, Rs. 42756.68 crores were under Revenue and Rs. 21386.25 crores under Capital.

22. Ministry of Finance have, after further discussions, allocated Rs. 62000.00 crores against the Ministry of Defences recommendation. Of this, Rs. 42041.48 crores have been provided under Revenue and Rs. 19958.52 crores under Capital Outlay.

23. Service-wise/Department-wise position is given as under :

(Rs. in crores)

Services/ Departments	Initial Projections made by Services/Deptt.	Agreed proposals made by Ministry of Defence	Budget Allocation as as per ceiling made by MOF	Shortfall	%age
Army	41029.35	35600.19	34601.81	998.38	2.80
Navy	10421.82	9510.17	9138.82	371.35	3.90
Air Force	19230.21	15902.83	15272.56	630.27	3.96
DGOF	(-)874.75	(-)874.75	(-)894.75	20.00	2.28
R&D	3636.03	3630.34	3508.34	122.00	3.36
DGQA	377.04	374.15	373.22	0.93	0.25
Total :	73819.70	64142.93	62000.00	2142.93	3.34

The Ministry of Defence recommended a total provision of Rs. 21386.25 crores under Capital Outlay after detailed consultation with Service Hqrs/Deptts. This included Rs. 19142.96 crores for ongoing/committed schemes and new schemes under modernisation and Rs. 1096.38 crores for various land, works programme etc. of the three Defence Services and balance Rs. 1146.91 crores for other Departments viz. DGOF, R&D and DGQA. Against this, a total of Rs. 19958.52 crores have been allocated under Capital based on the budgetary ceiling conveyed by the Ministry of Finance.

25. The Service-wise/Department-wise position is given as under:

(Rupees in Crores)

Service/Deptts.	Initial Projections made by Service/ Deptt.	Agreed proposals made by Ministry of Defence	As allocated
Army			
Equipment Heads	8475.26	6319.81	5802.73
Land, Works etc.	988.28	669.90	649.90
Sub-Total	9463.54	6989.71	6452.63
Navy			
Equipment Heads	5917.48	5005.83	4761.38
Land, Works etc.	119.52	119.52	119.52
Sub-Total	6037.00	5125.35	4880.90
Air Force			
Equipment Heads	10024.36	7817.32	7252.05
Land, Works etc.	371.61	306.96	306.96
Sub-Total	10395.97	8124.28	7559.01
Total (Army, Navy & AF)	25896.51	20239.34	18892.54
DGOF	157.90	157.90	137.90
R&D	976.15	976.01	916.01
DGQA	13.00	13.00	12.07

Grand Total	27043.56	21386.25	19958.52
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26. The Committee note that the Defence allocation for the year 2001-2002 have been put at Rs. 62000 crores which shows an increase of Rs. 7539.09 crores over the Revised Estimates of Rs. 54460.91 crore for the year 2000-2001. The percentage hike in the defence budget for the year 2001-2002 has come down to 13.8 per cent as compared to the huge 28.2 per cent increases in the year 2000-2001. When adjusted against an inflation rate of eight per cent hike in defence allocation for the year 2001-2002 is marginal, hovering at 2.53 per cent of the Gross Domestic Production (GDP).

27. The Committee are of the view that effective security cannot be had by merely presenting a bigger defence budget. It requires effective defence finance procedures which in turn needs integrated defence planning organisation. An analysis of the figures given in the preceding pages shows that an amount of Rs. 4100 crores approximately of the allocated defence budget remains unspent during the year 2000-2001. The Committee feel that tedious and time-consuming procedures have led to delay in defence spending. These built-in inefficiencies due to slow movement of procurement files need to be speedily done away with. The Committee desire that sincere efforts should be made to streamline the procedure laid down in the Ministry of Defence to create a more cohesive joint service structure with more effective representation of the Services in the decision making processes. This would end delays in defence spending and would greatly improve efficiency and bring about economy in the functioning of the Ministry of Defence.

28. The Committee also desire that the defence budget has to be incremental, time-bound and planned and this requires a long term commitment and has to cater to several peculiarities such as inflation, prolonged negotiations with foreign suppliers, fluctuations in foreign exchange rates etc.

Defence Procurement Procedures

29. In a written reply on Defence Procurement Procedures, the Ministry of Defence stated that the Vice Chief of the Army Staff (VCOAS) was Chairman of a Committee set up by Ministry of Defence (MoD) in March, 2000 tasked with the responsibility to carry out an in-depth examination of the existing Defence Procurement Procedures and

recommend suitable changes, keeping in view the twin objectives of accountability, as well as, speedier acquisition.

30. In the meantime, the Government on 17th May, 2000 appointed the Task Force for Review of the Management of Defence. This Task Force was, inter-alia, mandated to recommend such organisational and other changes as considered appropriate to bring about improvements in the procurement process. VCOAS made a presentation about the report of the Committee headed by him before the Task Force. The report of the Task Force has been considered by the Group of Ministers and is now going to be put up to the CCS.

31. The Committee desired to know the main recommendation made by the Vice Chief of Army Staff (VCOAS) in his report. The Defence Secretary, during the evidence stated:

“The recommendation made by the Vice Chief of Army Staff Committee were looked into also by the Group of Ministers which went into higher defence management changes. They (Group of Ministers) have now proposed to set up a Defence Procurement Board which will integrate Armed Forces and the Ministry's representatives.”

32. When asked how Defence Procurement Board going to be different from any other Board, the Defence Secretary further stated:

“This Defence Procurement Board will have representatives of the Services. It will have representatives of Ministry of Defence, Ministry of Finance. It will have representatives as SA to RM, Secretary and representatives of DRDO. It will also have experts plus our Finance representatives. The decision, for example, of Make or Buy, to whom should we send our proposals for purchase of weapons, these will be taken at one table, as we said, the single window instead of files moving from place to place. It will be integrated organisation which will take a decision on Make or Buy purchases and take a final decision on that basis. So, it is primarily for the purpose of integration and secondly for reducing the delays. This how it is different from earlier procurement procedure”.

33. In order to make Defence purchases free from corruption and kickbacks, the Ministry of Defence in their written reply stated that :

With a view ensure absolute probity and utmost transparency in defence procurements, the Government has decided that all decisions taken by the Ministry of Defence/Service Headquarters/ISOs etc. relating to major defence procurement/purchases/award of works etc. of a value of Rs.75 crore and above would be subject to a time bound scrutiny/Audit by the C&AG and thereafter, wherever considered necessary, formal reference will be made to the Central Vigilance Commission (CVC) for initiating necessary action from disciplinary/vigilance/legal angle.

34. In addition, the CVC has already institutionalized a system of obtaining quarterly reports from the Ministry of Defence on all procurements above Rs. 2.00 crores vide CVC O.M. No. 98-VGL-25 (i) dated 12th March, 1999. In consultation with C&AG, it has been decided that a copy of the Report furnished to the CVC be also forwarded to the C&AG. This is being done regularly.

Accordingly, while all deals of Rs. 75 crores or higher would henceforth be subjected to a mandatory and time bound scrutiny, both the C&AG and CVC will also be in a position to scrutinize smaller transactions, wherever considered necessary.

35. The Committee note that the Group of Ministers has proposed to set up a Defence Procurement Board which would integrate Armed Forces and the Ministry of Defence in the area of Defence purchases. The Committee feel that the constitution of Committee after Committee will not help in the matter. The Committee, however, hope that the Government would take decision at the earliest to constitute the proposed Defence Procurement Board in order to promote transparency and to avoid delays in defence procurement procedures and this would indeed constitute a positive step by the Government in the area of defence purchases in a time bound manner. The Government should also ensure that there should be separate agencies of Price Negotiation Committee (PNC) and the Defence Procurement Board and there should be no duplication of work in the functioning of these agencies in defence procurements.

36. The Committee desire that besides streamlining the defence procurement procedures the Government should ensure that the laid down procedures for evaluation and selection are strictly adhered to and records regarding defence purchases should be maintained and concurrent audit of all defence purchases should be done in order to ensure accountability. Responsibility should be fixed for serious financial aberration in defence purchases. The Committee further desire that wherever it considered necessary, the role of serving/retired defence officers, bureaucrats and middlemen/agents in defence deals should be referred to and examined by the Central Vigilance Commission (CVC) and the defence procurement system should be revamped to break the nexus between middlemen/agents and the officers related with the defence purchases. Vigilance clearance of the assets etc. of the Members of the proposed Defence Procurement Board should also be made mandatory, before, during and after their tenure. The Committee also desire that the Central Vigilance Commission should give their report in a time bound manner and there should be a special cell in the Ministry of Defence to deal with the CVC matters. Secrecy should not be used to cover up financial aberration in defence purchases as secrecy in perpetuity is extremely dangerous and would eventually prove to be counter-productive and even harmful to the national interest.

Army

Weapon Locating Radars (WLRs)

37. The Ministry of Defence in their action taken reply had stated that inspite of serious and concerted efforts made by the Ministry of Defence since 1995 WLR for Indian Army could not be acquired due to imposition of sanctions on India by USA, non-availability of many known vendors, inability of vendors to field the WLR for trials' in India and Defence Research and Development Organisation (DRDO)'s limitations to develop the WLR indigenously. Inspite of all these, serious efforts were made to acquire the WLR from Ukraine, France, Russia, Germany etc.

38. In December, 1998 in view of the urgency projected by AHQ, MoD directed that in addition to indigenous development, 4 WLRs may be imported. Subsequently, in August, 1999, the quantity was increased from 4 to 8 WLR. An Request for Proposal (RFP) was issued to M/s Thomson CSF, France and M/s Iskra, Ukraine on 29.12.1998 for fielding their equipment for trials in India on no cost no commitment basis. M/s Thomson CSF did not submit their offer. Only one offer from M/s Iskra of Ukraine was received. The technical offer received from M/s Iskra was found acceptable. A delegation visited Ukraine and Moscow to evaluate Ukrainian and Russian radars. The Ukrainian radar was recommended for acquisition.

39. In reply to the question of WLRs, the Defence Secretary stated that:

“On the weapon locating radar, we received complaints about middlemen, and agents. This was also referred to the CVC and the CBI. Then the CBI submitted a Report. All these PNC proceedings got stalled because of this. Today, nobody wants to take any risk if there is a proceeding going before the CVC or the CBI. Anyway, the CBI Report has come. It has been sent to CVC for his advice on the further course of action to be taken. But the date of decision will depend on how soon the CVC gives us the clearance. I would like to be very frank on this issue.”

40. The Committee desire that the equipments of critical importance like WLR and others that the Services need, should be appropriately prioritised and steps must be taken to ensure that the purchase of these critical items should not be entangled in legal hassles and various inquiries causing delays.

National Cadet Corps (NCC)

41. In a reply to a question the Ministry of Defence have stated that : presently, the authorized strength of NCC is 12 lakhs whereas about 3.6 lakhs students awaiting enrollment in the NCC. A decision has been taken to increase NCC strength by one lakh cadets by the Raksha Mantri. With the proposed increase of one lakh cadets additional facilities are proposed to be created within the available resources to accommodate additional NCC cadets. In view of the fact that State/UT Government's financial participation are necessary for NCC activities any increase or expansion would require the willing participation of both the State/UT Governments. This willing participation is not forthcoming at present.

42. The Ministry of Defence in their Action Taken reply dated 15.9.2000 have admitted that NCC while maintaining a large number of cadets in schools and colleges, provides a base that can be drawn upon for providing officers and other ranks for enrollment in emergencies.

43. The Committee recommend that in view of shortage of officers in Defence Forces and also in view of the enthusiasm shown by the students for joining NCC, the existing facilities required should be increased accordingly to enroll much more students in its fold. The Committee also recommend that the training schedule in NCC should be suitably modified so that NCC 'C' Certificate holders may be allowed to face the Service Selection Board directly and not necessarily through the channel of Union Public Service Commission (UPSC) for selection to become officers in Armed Forces.

Medium of Entrance Examination in Defence Forces

44. Few Members suggested that to fill the shortage of Officers in Armed Forces, the medium of instruction in entrance examination should be in Hindi and also in other regional languages which will attract youth from rural India. On this issue. Defence Secretary stated as follows:

“It is on shortage of Officers in the Army, about which we have studied. It is not a phenomenon of the last one or two years. It has been a phenomenon which has been there for the last two decades. This type of shortage is not a new phenomenon. Secondly, I would like to point out that it is true that we have medium of instruction as English or the examinations are held in English. Certainly, it is a good suggestion; we should consider whether we should have it only in Hindi or in all the other regional languages as we have for civil services. It can be considered.”

45. The Committee note that the youth from urban areas who have their medium of education in English Language has largely shifted focus towards multinational companies, thereby creating a shortage of good aspirants to join Armed Forces. The rural youth are mostly well versed in Hindi or in their regional languages and not always in English language whereas the medium for entrance examination is, at present, only English which is very tough for them.

46. The Committee desire that to attract intelligent and deserving rural youth from all over the country who aspire to Join Armed Forces, the medium of examination in entrance examination for the Defence Forces should be made optional, which may be in Hindi and also in other languages scheduled as per Constitution of India alongwith English so that an otherwise intelligent, courageous youth may not be deprived of Joining the Armed Forces as an Officer only because of lack of adequate knowledge of English language.

Projects delay in DRDO

47. In reply to a question, the Ministry of Defence have stated that during the last ten years DRDO initiated about 180 projects in the areas of aeronautics, armaments, combat engineering, electronic warfare, radar and naval systems for the Defence Forces. These include three major electronic warfare programmes to meet the requirements of the Services, keeping in view the threat perception envisaged by them. These major projects are based on state-of-the-art technologies and are expected to provide competitive edge to our Services in combat environment.

48. In reply to another question, the Ministry of Defence have stated that out of 180 projects, 99 projects for development of systems, equipment and allied stores have been completed successfully. Three projects undertaken to meet Services requirements were dropped in this period. These relate to development of (i) FSAPDS (Steel Core) Ammunition, (ii) 30 MM Light Towed Air Defence Gun, and (iii) Protective System for Head and Foot in combat environment. The reasons include change of Services requirements due to significant changes in threat perception and availability of advanced technology products. On these three projects, an amount of Rs.10.09 crores was spent. The technology developed, design expertise generated and technical facilities set up were directly useful for subsequent R&D projects in these areas. Most of the on-going projects are expected to be completed in X Plan period 2002-2007. Adequate funds are available for completion of these projects.

49. The Committee note that out of 180 projects DRDO have taken up, only 99 projects have been completed successfully during the last 10 years. It seems that sometimes priorities are missing. The poor conceptualisation and over ambition in trying to make world class products had sometimes resulted in delays and slip ups in completions of the projects which are vital for the modernisation of the forces, indigenously.

50. The Committee, therefore, strongly recommend that DRDO must assess at their capabilities to develop a product in a time bound manner without needlessly hampering the process of purchase of items urgently needed for defence forces and it is also suggested that performance audit should also be done on regular basis. The Committee recommend that DRDO should give priority to the items which are urgently needed by the Forces.

Brain Drain from Defence Research & Development Organisation (DRDO)

51. In a reply to a question, the Ministry of Defence have stated that from overall scenario, DRDO is not facing unusual level of brain drain. However, in certain areas of high-technologies, we are loosing people, mainly to the multi-national companies, offering very high pay-packages to bright talented students.

Government is not able to match the emoluments offered by the multinationals. DRDO has recently introduced a package of incentives for the scientists & engineers to attract and retain them. DRDO is also providing better environment and work challenges. However, there is a need for providing additional incentives for scientists.

52. During oral evidence the Secretary (DR&D) has stated:

“...We hire close to 300 people every year through campus recruitment or otherwise, retaining youngsters in this age of IT is becoming very difficult. The kind of salaries they get after two years of training in DRDO is something like four to five times more than what the Government pays. I have no problem in recruiting. I have problem in retaining them after 3-4 years. I may bring to the notice of this august body that at one stage there were hardly any software engineers and DRDO started training software engineers through some universities as specialised course. We selected about 700-800 people and within few years, most of them have left us. We had created a job market for supporting IT. In this regard, I have brought this point of retention of youngsters in one of the CCS meetings where DRDO was being reviewed. But if we have to retain scientists, some special incentive packages must be looked at...”

53. The Committee note with serious concern the problem of retaining young scientists in DRDO as the professional job market is more lucrative. The Committee desire that Government should consider some special incentives for the scientists for their original and proven work which may include special pay or rewards etc. The Government should also introduce a system of recognition of work done by Scientists in DRDO to boost their morale and to encourage discharge of duty more efficiently.

Availability of Accommodation to Defence Personnel

54. In reply to a question, the Ministry of Defence have stated that in accordance with the terms and conditions of Service, Armed Forces Personnel are entitled to single/married accommodation. The Service Personnel are entitled single/married accommodation as per the scales of accommodation for Defence Services promulgated in 1983. However, due to budgetary constraints it has not been possible to provide Government constructed accommodation to all Service Personnel. The requirement of funds to make up the shortage of accommodation for Service Personnel at the current estimated cost has been estimated roughly at Rs. 14000 crores. This is being taken up in a phased manner.

55. The deficiency in married accommodation is also being made upto some extent by hiring private accommodation. The Service Officers are also being permitted to hire accommodation on rent reimbursement basis. These Officers are also paid house rent allowance at par with Central Government employees if they are not provided married accommodation by any means. Junior Commissioned Officers (JCOs) and Other Ranks (ORs) who are not provided married accommodation within their authorisation are paid Compensation in lieu of Quarters (CILQ) at a flat rate fixed by the Government from time to time.

56. The Defence Secretary has stated during evidence before the Committee that:

“...the satisfaction level of married accommodation, as far as ORs is concerned, is approximately 50 per cent; in the case of JCOs it is approximately 64 per cent; and in the case of Lieutenants, Captains and Majors and their equivalents, it is approximately 66 per cent. So, certainly we need more accommodation. The Government is conscious of this fact and intend to give more money for this purpose in the ensuing year.”

57. The Committee note that the satisfaction level in all ranks in Defence Forces is not satisfactory in comparison with the duties they have to perform. The Committee hope that the Ministry will make a schedule to provide accommodation making satisfaction level cent-per cent by adequate allocation of funds, which also definitely ease the life of Defence Personnel living in rented houses besides making the career in these forces more attractive.

Navy

Aircraft Carrier Admiral Gorshkov

58. The Ministry of Defence have stated that a detailed study of the maritime environment around the Indian sub-continent and the Indian Ocean region, maritime interests and the strategic imperatives needed to ensure our security had shown that the Indian Navy requires two operational Aircraft Carriers. For the operational availability to remain two, a total of three Aircraft Carriers are needed. Currently the IN has only. Viraat with a residual life of 5/6 years. Vikrant has been decommissioned and in its place the Government has approved the construction of an Air Defence Ship (ADS) in May, 99, which is likely to enter services in 2009/2010. Anticipating the critical void in the intervening years, the Government plans to acquire another carrier. An Inter Governmental Agreement (IGA) which inter-alia provides for acquisition of Aircraft Carrier Gorshkov from Russia for the Indian Navy has been signed on 4.10.2000.

A Detailed Project Document (DPD) has been prepared by the Russian side, which is under examination. This indicates tentative cost of refit and modernization package of the ship as USD 738.6 million.

59. So far three delegations have visited Russia to examine the Gorshkov in 1995, 1998 and 1999 respectively. The recommendation made after the visit of the 1st delegation is as under:

“The detailed survey of Gorshkov indicates that the hull, machinery and equipment are in a satisfactory state. After implementing modifications as outlined for operations by Sea Harriers and option for MIG 29/LCA, this ship would provide noticeable power projection capability to the IN for the next 20-25

years. It is, therefore, recommended that the acquisition of the ship be progressed in a time bound manner and subject to reasonableness of costs."

60. The Ministry in their supplementary reply have stated that the delegation that visited Russia in 1998 identified the aspects/areas that would need to be examined in the context of the acquisition:

- (a) The sum total of the price of the ship, its repair and its modernisation.
- (b) Aspects related to its maintainability in terms of product support and spares availability over at least 15 years.
- (c) Procedures for ensuring that the spares are available at short notice.
- (d) Identification of the aircraft that would operate from the ship.
- (e) Documentation and design data.
- (f) Training of crew and dockyard workers.

61. The delegation also stated that it is possible to go ahead and acquire Admiral Gorshkov as a replacement for 'Vikrant'. The delegation suggested involvement of Indian Shipyards in the maintenance of the ship.

The last delegation that visited Russia in 1999 has recommended:

- (i) The material condition of Gorshkov has been further deteriorated since the visit of last delegation in January, 1998 and this process is likely to accelerate with the passage of time.
- (ii) Negotiations and conclusion of contract should be made contingent to a mutually acceptable agreement on special procedures for providing expeditious product support through out the life of the ship.
- (iii) Future maintenance and refits of Gorshkov in our dockyards would require considerable manpower and resources. It is, therefore, recommended that a suitable shipyard (CSL/MDL) be nominated as a repair agency and associated with the project from an early stage.

62. The Committee note that the delegations which visited Russia to inspect the Aircraft Carrier Admiral Gorshkov have given certain specifications which are to be met before the purchase of the carrier. The Committee also note the report given by the latest delegation, which visited Russia, that the material condition of Gorshkov has been further deteriorated and this process is likely to accelerate with the passage of time.

63. The Committee desire that every specification given by these delegations should be kept in mind while deciding the price to be paid for refit of the Aircraft carrier which it seems has been increased subsequently. The Ministry should also ensure the induction of a suitable carrier in Indian Navy in a time bound manner.

The Committee desire a presentation on Aircraft Carrier Admiral Gorshkov.

Mazagon Dock Limited

64. The annual capacity of the manufacturing facilities of Mazagon Dock Limited for submarine construction has been assessed at 0.75 submarine units (on the basis that 5 submarines could be constructed in 6 1/2, years). "The last submarine was constructed in 1994, and since then construction capacity remains unutilised.

Medium refit of one submarine has been carried out between June, 1998 and June, 2000 and Medium Refit of another submarine which commenced on 31 August, 2000 is presently going on. Capacity utilisation for such activity would be about 14% of the installed capacity.

65. When asked how many submarines, the Ministry are planning to produce at MDL, Secretary (DP&S) has stated "...In January, 1997, it was decided by the Government that two submarines would be constructed at MDL.....". On the question of unemployment of 400 highly technical persons, the Defence Secretary has further stated as follows "..... I would like to take this Committee into confidence that we have been sanctioned a large submarine programme now by the Cabinet Committee on Security and there are other programmes also relating to submarines, and we feel that they would be fully employed now...".

66. The Committee hope that with the sanction of a large submarine programme now by the Government, the capacity utilisation of MDL will be maximised. The Committee desire that perceiving the importance of submarines in Marine warfare and strengthening India's position in blue waters the Ministry should chalk out a long term plan to keep this specialised dockyard working in full capacity. The Committee desire that the Ministry of Defence should conduct an inquiry on the under utilisation of the work and apprise the Committee of the outcome of the inquiry.

67. The Committee also feel that the Ministry should ensure that in ship building units like Garden Reach Shipbuilders and Engineers Ltd., enough orders should be placed to utilise their full capacity to avoid any future sickness of these units.

Air Force

68. The Air Force had put up a projection of Rs. 19230.21 crores, the Ministry of Defence in consultation with Air Headquarters, recommended an allocation of 15902.83 crores, however the Ministry of Finance agreed to an allocation of Rs. 15272.56 crores. The Ministry of Defence have stated that this level of funding is also considered sufficient because some of the schemes visualised in 2000-2001 for Air Force could not result in contractual commitment thereby resulting in lesser carry forward liabilities for 2001-2002. The allocation of funds finally made is, therefore, considered adequate and, accordingly, no scheme is expected to be cut on account of the allocations made. However, if additional funds are required over and above the BE allocation, the same would be projected at RE 2001-2002 stage.

69. The Ministry of Defence have stated that the Air Force projects given top priority in the Capital Outlay Budget 2001-2002 includes Flight Refueling Aircraft, Advanced Jet Trainer (AJT) (Fly Away), Air borne Warning and Control Systems (AWACS), Cheetah Helicopters, Dornier, MiG-21 and MiG-23 Trainers, Executive Jets, Replacement of VVIP MI-8 Helicopters etc.

70. From the above items allocations were also made in the existing financial year for Advanced Jet Trainer, Air borne Warning and Control Systems (AWACS) and Dornier under the head Aircraft and Aeroengines for IAF which could not be finalised.

71. The Committee note that the Ministry are satisfied with the level of funds allocated to the Air Force but at the same time are surprised that shortfalls are also anticipated by the Ministry of Defence as informed in their written replies that if additional funds are required over and above the BE allocation, the same would be projected at RE 2001-2002 stage.

72. The Committee however hope that all the funds allocated would be appropriately utilised this year and hope that all proposed projects will undergo contractual commitment for early acquisition. The Committee strongly feels that licensed production route would be an active option for all future acquisitions.

Advanced Jet Trainer

73. As regards the acquisition of the Advanced Jet Trainer, the Ministry of Defence have stated that after a detailed flight evaluation the Hawk and Alpha Jet were short-listed for the Indian Air Force (IAF) in 1987. A preliminary round of price negotiations was also held with BAe UK, from December '95 to February '96 and with M/s DA France, in February '97.

74. After inconclusive price negotiations in 1996-97, several offers were received from other aircraft manufacturers from Russia, Italy, Brazil and Czech Republic. Air Headquarters studied the technical offers of various trainer aircraft such MiG-AT and YAK-ISO from Russia, AERMACCHI MB-339 FD from Italy, AMX from Brazil and L-159 from Czech Republic on paper in 1999. The evaluation again short-listed the modified versions of Hawk and Alphajet for acquisition by the IAF.

75. Requests for Proposals (RFPs) were thus issued only to the two main contenders viz. M/s BAe for Hawk and M/s Dassault Aviation for Alphajet, again on 20th July, 1999. However, M/s Dassault Aviation indicated that they were not in a position to respond. Finally only M/s BAe submitted their proposal by the due date i.e. 10 September, 1999.

76. The Government then constituted a PNC under the Chairmanship of Deputy Chief of Air Staff (DCAS) on 13th June, 2000 and authorized holding of negotiations with M/s BAe Systems for the acquisition of the Hawk. Currently, the price negotiations are in progress.

77. The Ministry of Defence have further stated that the Hawk 115 Y, being negotiated by India, is a modified version of the Hawk 115 bought by Canada in 1998. Hawk 115 Y has a more advanced avionics suite and those items of Hawk 115, which may face obsolescence in near future, will be replaced with more modern equipment.

Higher accident rate in IAF of MiG-21 aircraft

78. The Ministry of Defence have stated that although MiG-21 is ageing aircraft, it remains fully airworthy consequent to regular maintenance checks and servicing procedures. A detailed study has been undertaken on the Technical Defects and the recommendations are under implementation. The specific reasons analysed for high rate of accidents in MiG variants are as follows :

- (i) The MiG-21 account for majority of the fighter aircraft of the IAF. Consequently, they also account for the bulk of flying effort and thereby are exposed to the risk inherent in the conduct of fighter flying.
- (ii) The MiG-21 aircraft is outdated technology, making it more demanding on the pilot to fly and maintenance crew to maintain this aircraft. Today's modern technology has helped to a great extent to reduce the overall accident rate in today's aircraft. Mirage 2000 aircraft is a live example.
- (iii) Quality control on spares and rotables has to some extent been compromised with the breaking up of the erstwhile USSR.

79. The Ministry of Defence have further stated that Human Error (Aircrew/Technical) accounts for a substantial percentage of accidents. Measures to

enhance quality of training to improve skill levels, ability to exercise sound judgement and improve situational awareness are constantly being reviewed and implemented. Renewed thrust on acquiring simulators and the AJT is a step towards improving the quality of the man behind the machine.

80. As regards the simulators for the training of pilots the Ministry of Defence have stated during evidence that the Committee of Fighter Aircraft Accidents headed by Dr. Abdul Kalam had recommended the use of simulators for each type of aircraft. The Ministry of Defence have further informed that simulators are available for the MiG-21 and MiG-29 aircraft. With the upgradation of the MiG Series of aircraft, the Ministry of Defence have stated that the requirement of simulators simultaneously would be looked into.

81. The Committee have all along been very concerned about the delay in the acquisition of the Advanced Jet Trainer (AJT). The tremendous delay in the acquisition might also be a major factor in the escalation of the cost of the aircraft. The Committee are also very much concerned at the very high accident rate of the MiG-21 aircraft, which have been taking place due to lack of the Advanced Jet Trainer for fighter pilot training. This has resulted in the loss of many precious lives of our pilots and costly aircraft. As admitted by the Ministry, technology has helped to reduce the overall accident rate on modern aircraft such as the Mirage. The Committee note that one of the major recommendation of the Committee on Fighter Aircraft Accidents, headed by Dr. Abdul Kalam has been the use of simulators for training. The Committee, therefore, recommend that the most suitable AJT at appropriate cost may be made available to the trainee fighter pilots expeditiously and in a time bound manner. The Committee also desire that advanced simulators may be made available for all types of aircraft presently in operation in the IAF.

Upgradation of the MiG series of aircraft

82. The Ministry of Defence have stated with regard to the latest position on the modernisation of the MiG-21 Bis aircraft that two upgraded MiG-21 Bis aircraft were

delivered to India in December, 2000. These two aircraft have been assembled and acceptance tests have been carried out. Both the aircraft will undergo further flight testing for validating the performance of certain indigenous avionics in India, which could not have been done in Russia. In addition, certain residual testing of Russian avionics would also be completed in India.

83. The work for upgrading the remaining 123 aircraft has already commenced at HAL Nasik. Most of the documents and other support equipment required at HAL Nasik have been supplied. The supply of new avionics and other equipment required for upgrading the aircraft has commenced and the initial requirements have been supplied. However, a few systems have only been partly supplied. Action for the supply of these items are in progress. As on date, a total 28 aircraft have been inducted for the upgrade. The aircraft are in various stages of upgrade with the first 3 aircraft in an advanced stage. The work on the initial aircraft is expected to be completed by September, 2001. Thereafter, the plan is to upgrade aircraft at the rate of 3 aircraft per month.

The Ministry of Defence have further stated during evidence that number of MiG-21 in the Indian Air Force is quite large, keeping this in mind, a conscious decision was taken in the Ministry, in consultation with the Air Force to upgrade them. After upgradation it is proposed to upgrade their life by 10 years.

84. The representatives of the Ministry further informed the Committee that as far as MiG-27 is concerned, the update has been approved by the Cabinet Committee on Security. As for the upgradation of the MiG-29, the final plan is with the Air Headquarters after which it will be submitted to the Ministry of Defence.

85. The representatives of the Ministry of Defence stated before the Committee that the refit of MiG-27 & MiG-29 would be smoother than the MiG-21 refit as many components already modernised for MiG-21 could be utilized for the MiG-29 upgrade.

86. The Committee feel that due to the tremendous delay in the upgradation of MiG 21-Bis aircraft, its heavy cost and alarming rate of accidents, the upgradation programme needs to be reconsidered by the Government. The Committee also hope that the experience gained in the case of the upgradation of MiG-21 Bis aircraft, would be actively utilised for other upgradation programmes of the MiG-27 and the MiG-29 aircraft. The Committee also desire that the expertise, so developed in HAL in relation to these programmes would be made use of in future also for developing new technologies in the field of avionics.

Light Combat Aircraft (LCA) Project

87. In regard to the LCA project, the Ministry of Defence stated that interim sanction for Full Scale Engineering Development Phase 2 (FSED Ph.2) of LCA Project has been accorded in February, 2000 and a total of 7 aircraft are being built in FSED Ph 2. With the successful maiden flight of LCA Technology Demonstrator on 4 January 2001, LCA Project has entered the Flight Test Phase. Full FSED Ph2 includes Limited Series Production (LSP) of LCA. Detailed studies on production of LCA have been carried out by HAL and action seeking approval for full FSED Ph2 is under progress.

88. Limited Series Production of LCA has been envisaged as part of Phase-11 of Full Scale Engineering Development of LCA in order to expeditiously induct LCA into the Indian Air Force. Induction of LCA is planned by the year 2005 with Initial Operational Clearance (IOC). The first batch of 8 aircraft proposed to be produced through the LSP programme would be to the IOC standard and would be ready for induction during the year 2006. The above schedules have been indicated with the assumption that Phase-11 is sanctioned during the year 2001. A total of 200 LCA fighter version and 20 trainer version are expected to be inducted into IAF.

89. Regarding the Kaveri engine the Ministry of Defence have stated that six Kaveri/Kabini engines are under-going tests at GTRE facilities and have accumulated about 1000 hours including after burner trials. The indigenously developed Full Authority Digital Electronic Control System (FADEC System) has been successfully integrated with engine.

90. Kabini, core engine of Kaveri, has been successfully tested at the high altitude test facilities at Moscow. It is proposed to offer the Kaveri engine for integration and testing on 'Flying Test Bed' (TU-16 aircraft) at Moscow, in the end 2001.

91. The representatives of the Ministry of Defence further informed during evidence that if the test bed results come positive, it will be fitted to one of the LCAs in 2003 at the earliest or it could be 2005 also. The FSED will be with Kaveri or GE 404 engine depending on the development of the Kaveri engine by then.

92. The Committee hope that DRDO will make all out efforts to develop the Kaveri engine expeditiously and the same would be available for fitting into the LCA at Full Scale Engineering Development (FSED) stage, as sanctions on American GE 404 engine may become a hurdle not only at testing stage but also at Limited Series Production (LSP) stage of the LCA.

Air Borne Warning and Control Systems (AWACS) & Low Level Transportable Radars (LLTRs)

AWACS

93. The proposed acquisition of three AWACS for the IAF as stated by Ministry of Defence was approved by the Cabinet Committee on Security (CCS) in May, 2000. The system, as proposed in the CCS Note, was based on a modified Russian A-50 aircraft (based on IL-76 platform) and Israeli Mission System Avionics (MSA). The price negotiations with the vendors, which commenced in December, 99, got deadlocked in February, 2000 due to the Russians suddenly backing out in their offer of the platform. Instead, they offered their own A-50/A50E AWACS (based on old rotodome based technology), which did not meet the IAF's operational requirements and hence was rejected.

94. In view of the intransigent attitude of the Russians, the prime vendor M/s ELTA, Israel, were asked to recommend suitable alternative platforms. Two alternative platform options are presently under consideration at Air Hqrs. While the first option is based on an IL-76 aircraft of M/s TAPC of Uzbekistan, the second is based on an Airbus aircraft. Final selection is likely to be made by Air Hqrs shortly.

95. Regarding the acquisition of AWACS, the Defence Secretary informed the Committee during evidence that the budgetary provision for AWACS was given in the previous year but during the course of the year the negotiations could not be finalised because the Russians backed out for giving the platform. France was then contacted to get the other plane which the Air Force felt would be proper, the French Government turned down the proposal as they said that their industry was full of orders. The negotiations, therefore, had come to a standstill. The Defence Secretary also informed that the Russians have now agreed to give their platform for the Israeli Radar, so the negotiations would open again soon.

96. The Committee note that the Air Force has been demanding the acquisition of Air Borne Warning and Control Systems (AWACS) for quite some time. It is true that state-of-the-art equipments are needed badly in the present circumstances but the delay in its acquisition have enormous impact on the deterrence level of force. The existing set of weapons are inevitably being replaced by high technology arms by our neighbours. The Committee insist that the negotiations for AWACS should be taken up on priority basis so that this essential equipment is made available to the IAF at the earliest.

The Committee desire to have a look at the Aerostat Radar, which is a balloon technology and desire that Ministry of Defence give a presentation on it to this Committee.

Low Level Transportable Radars (LLTRs)

97. The Ministry of Defence have stated that Air Hqrs. have proposed for procurement of Low Level Transportable Radars (LLTRs) i.e. 19 in number during 9th Plan and 18 in number during 10th Plan at a total estimated cost of Rs-653 crores.

16 vendors were approached for submitting proposals out of which only 8 vendors responded. Technical proposals were opened on 24.4.98. Air Hqrs. stated that consequent

to a paper evaluation of the proposals and discussions with the vendors, it emerged that none of the eight proposals fully met the Operational Requirements (ORs) of IAF. To tackle this situation, the technical evaluation committee recommended recasting some of the ORs, keeping in view the responses and the current state of technology available globally in the field of LLTRs.

98. Based on relaxation/rationalisation in ORs and also site-evaluation, four firms were technically short-listed. The matter was re-examined and it was felt that the opportunity of relaxation/rationalisation in ORs should be given to all the vendors. As such it was decided to issue a fresh Request for Proposals (RFP) to firms with modified ORs on 12 February, 2001. The last date of submission of tender is 12th April, 2001. During evidence the Defence Secretary informed that after this, the PNC will be set up. It is expected that the fresh procurement drill will be completed soon.

99. The Ministry of Defence have further informed that the requirement of deploying Low Level Light Weight Radar in mountainous terrain was felt by Indian Air Force before the Kargil crisis and a proposal for procurement of two radars was initiated in February, 1999. It was being examined as to how these radars would be used in conjunction with Aerostat Radars and other systems. After the Kargil crisis, the requirement of these Radars was increased from two to three units.

100. The request for Proposals for the radars was issued to seven vendors. Five vendors responded. Technical Evaluation Committee has short-listed two vendors. The proposal is at the trial evaluation state. It is expected that the procurement will be finalized in the financial year 2001-2002.

101. The Committee hope that all negotiations for Low Level Transportable Radars (LLTRs) will be finalised soon, including for those LLTRs to be acquired for deploying in the mountains and desire that acquisitions are made of the required number of LLTRs in the 9th plan period itself expeditiously.

Ordnance Factories

102. Defence Ordnance Factories are departmental organisations of Government of India and the capacity has been created primarily to meet the demands of the Defence Forces including for surge requirements. Hence whenever demand goes up and capacity is better utilized, the revenue expenditure decreases. This has been the case for the last two years as explained by the Ministry of Defence. Since the financing needs are fully catered for from the Defence Service Estimates and the cost of production is charged to user services on pro-determined estimated prices. Ordnance Factories make supplies on no-profit no-loss basis.

103. The Expenditure, the Defence issues arid final figure of Revenue Expenditure as projected in RE 2000-01 and BE 2001-02 are as under:—

(Rs. in crore)

SLNo.	RE	BE
	2000-01	2001-02
1. Expenditure	6,394.22	6,605.12
2. Defence Issues	5,813.84	6,524.50
3. Revenue Expenditure ((1) — (2))	580.38	80.62

104. The Ministry of Defence have stated that the improvement in production in Ordnance Factories is mainly due to increase in demand from the Armed Forces, especially with regard to Ammunition items and is need based. This has resulted in better capacity utilisation of the factories.

105. For modernisation of Ordnance Factories a budgetary projection of Rs. 463 crores (Rs. 393 crores under Renewal and Replacement Grant and Rs. 70 crores under New Capital Grant) has been made for the year 2001-02.

106. In reply to a question on disinvestment in the Ordnance Factories having non-lethal defence production such as vehicles, clothing items, tents and parachutes, the Ministry of Defence have stated that the Ministry is not considering any proposal for disinvestment in any of the Ordnance Factories including those manufacturing clothing items, tents, parachutes and transport vehicles. These factories have been set up with dedicated facilities with a large work force to meet the bulk requirement of Services for these items, including surge requirements. The Services have expressed a preference for such an arrangement.

107. During evidence the matter of Privatisation of non-lethal production by the Ordnance Factories was taken up for discussion, in reply to this. Secretary (DP&S) stated that there was no proposal in this regard and that the Service i.e. the Army had desired to obtain clothing items from the Ordnance Factories itself.

108. The Committee appreciate the commendable efforts made by the Ordnance Factories in meeting the Demands of the Services as also Revenue generation by remarkable increase in production. The Committee also hope that the programme of modernisation of Ordnance Factories will be pursued vigorously.

109. The Committee desire that at least a study can be carried out about the cost of non-lethal items such as clothing etc. of a particular specification available in the open market vis-a-vis their cost of production in Ordnance Factories.

Ordnance Depots

110. The Committee expressed concern during evidence over the large number of fires that have been occurring in the Ordnance Depots and the large amount of ammunition lying uncovered in the Ordnance depots. The Ministry have replied that the following main steps are being taken to avoid hazards in the storing of ammunition in the ordnance depots:

- (i) The shortages in fire fighting equipment are being made up and defective equipment are being repaired when needed.
- (ii) Depots have been asked to hire bulldozers and employ casual labour for clearance of grass wherever required.
- (iii) Unserviceable ammunition are being disposed off on priority.
- (iv) Requirements of funds for additional storage ammunition to keep all ammunition under cover has been approved by Ministry of Defence.

111. During evidence before the Committee, the representative of the Ministry of Defence stated that steps had already been initiated in this direction and that allocations had already been made for acquisition of fire tenders, proper storing of ammunition which had been lying in the open etc. He stated that the whole programme would take a long time to complete. About 188 fire tenders are required while the fire tender manufacturing company can only make about 10-12 in a month.

112. The Committee desire that in future Ministry of Defence will take the matter of proper storage of ammunition in ordnance depots more seriously and rectify all shortcomings which exist in the storage facilities available in these depots to avoid accidents in future which not only result in huge loss of valuable items but are also a hazard to all those working in and living around these depots. The Committee also feel that responsibility should be fixed for all fire accidents which occurred in the past and the Committee should be apprised of the full report thereon. Necessary funds should be allocated to acquire the fire fighting equipment.

Capital outlay on Defence Services

113. The Ministry of Defence have stated that out of a total capital outlay of Rs. 19958.52 crores in the BE 2001-2002, Rs. 10506.25 crores has been allocated for ongoing projects/committed liabilities of the three Services. Rs. 7309.51 crores have been earmarked for new schemes/projects of the three Services and Rs. 2142.76 crores have been kept for land, works of all the Services/Departments.

114. The major projects which have been given top priority in the capital outlay of the Budget (2001-02) are as given below :

Army

Weapon Locating Radars, AFV Radio Set, Smerch Launcher, Modernisation of T-72, 155 mm Towed Gun, PINAKA, UAV Searcher, Satellite Bases Surveillance System, etc.

Navy

Domier, Sea Harrier Trainer, Barak Missile, Sea Harrier Upgrade, Thermal Imaging Cameras, Air Defence Ship, etc.

Air Force

Executive Jets, Replacement of WIP MI-8, Flight Refueling Aircraft, AJT (Fly Away), AWACS, Cheetah Helicopters, Domier, MiG-21 and MiG-23 Trainers, etc.

Some of the above projects have already been taken up by DRDO and work has progressed on them.

115. The Ministry of Defence have informed that they are facing problem of acquisition of spares and repair/refit of equipment of Soviet origin due to frequent changes of policy of Russian Government with regard to the agencies, which are authorised to deal with IAF/MoD. It has led to slippages in delivery schedule, non-materialisation and subsequent cancellation of some of the contracts.

116. The Defence Secretary during evidence clarified that with the break-up of Soviet Union, Russia was in need for hard currency for its own development and was therefore not giving to India the 'Friendship Price' and that the entire export from Russia would now be through a single Agency called Rosoboron Export instead of with the multiple agencies as done previously.

117. The Committee note that with the disintegration of Soviet Union, we cannot in the present scenario depend on them totally for supply of equipment and spares on reasonable rates. The Committee therefore recommend that as the 'Friendship Price' was not available from Russia for acquisition of equipment, instead of depending on a single source, global tenders should be floated for all acquisitions of equipment and no advance payment be made for any future acquisition.

NEW DELHI;
April 12, 2001
Chaitra 22, 1923 (Saka)

DR. LAXMINARAYAN PANDEY
Chairman
Standing Committee on Defence

ANNEXURE I
(Please see Para 16)

ARMY

(Rs. in crores)

Minor Head 1	R.E.	B.E.
	2000-2001	2001-2002
	2	3
Revenue		
101—P&A—Army	10378.89	11151.14
103—P&A—Aux. Forces	135.06	147.06
104—P&A—Civilians	1206.82	1288.48
105—Transportation	864.37	892.06
106—Military Farms	152.37	157.37
110—Stores	10396.38	11648.53
111—Works	1849.94	1925.33
112—Rashtriya Rifles	626.55	728.53
113—National Cadet Corps	268.89	294.58
800 Other Expenditure	551.44	566.10
Total Gross	26430.71	28799.18
Receipts/Recoveries	603.00	650.00
Total Net	25827.71	28149.18
Capital		
Land	23.50	22.50
Works	527.20	570.30

1	2	3
Aircraft	518.00	556.55
Vehicles	440.32	510.14
Other Eqpt.	3994.88	4736.05
Mily. Farms	6.00	5.00
Rolling Stock	69.50	50.00
Rashtriya Rifles	0.00	0.00
National Cadet Corps	2.00	2.10
Stock suspense	0.00	0.00
Other Expenditure	0.00	0.00
Total Capital	5581.40	6452.63
Total Revenue/Capital	31409.11	34601.81

1	2	3
Aircraft	518.00	556.55
Vehicles	440.32	510.14
Other Eqpt.	3994.88	4736.05
Mily. Farms	6.00	5.00
Rolling Stock	69.50	50.00
Rashtriya Rifles	0.00	0.00
National Cadet Corps	2.00	2.10
Stock suspense	0.00	0.00
Other Expenditure	0.00	0.00
Total Capital	5581.40	6452.63
Total Revenue/Capital	31409.11	34601.81

ANNEXURE II
(Please see Para 16)

NAVY

Minor Head	R.E.	B.E.
Revenue		
101—P&A—Navy	747.05	753.36
102—P&A—Reservists	0.00	0.00
104—P&A—Civilians	568.49	578.54
105—Transportation	96.60	105.65
110—Stores	1440.08	1516.50
111—Works	306.45	350.31
800—Other Expenditure	940.07	1027.15
Total Gross	4098.74	4331.51
Receipts/Recoveries	72.13	73.59
Total Net	4026.61	4257.92
Capital		
Land	20.90	17.90
Works	109.15	102.02
Vehicles	623.71	944.03
Other Eqpt.	8.00	8.00
Fleet	1108.75	1203.77
Dockyards	2052.26	2244.55
Capital Recovery	0.00	0.00
Net Capital	4187.58	4880.90
Total Revenue/Capital	8214.19	9138.82

ANNEXURE III
(Please see Para 16)

AIR FORCE

Minor Head	(Rs. in crores)	
	R.E. 2000-2001	B.E. 2001-2002
Revenue		
101—P&A—Air Force	1772.90	1727.55
104—P&A—Civilians	276.06	294.97
105—Transportation	170.29	170.80
110—Stores	4608.43	5019.16
111—Works	536.45	575.10
200—Spl. Projects	9.26	10.06
800 Other Expenditure	114.80	126.28
Total Gross	7488.19	7923.92
Receipts/Recoveries	193.37	210.37
Total Net	7294.82	7713.55
Capital		
Land	7.55	7.12
Works	181.36	200.00
Aircraft	2953.34	4945.21
Vehicles	0.00	0.00
Other Eqpt.	863.85	2306.84
Spl. Projects	33.06	99.84
Total Capital	4039.16	7559.01
Total Revenue/Capital	11333.98	15272.56

ANNEXURE III
(Please see Para 16)

ANNEXURE IV
(Please see Para 16)

DGOF

(Rs. in crores)

Minor Head	R.E. 2000-2001	B.E. 2001-2002
1	2	3
Revenue		
001—Direction & Admin.	38.51	42.36
004—Research	7.30	8.50
052—Mach. & Eqpt.	11.00	12.10
054—Manufacture	1808.33	1900.50
105—Transportation	55.47	61.02
110—Stores	3466.07	3464.39
111—Works	48.00	52.80
106—Renewal & Replacement	220.00	393.00
797—Transfer to R/R Fund	250.00	250.00
800 Other Expenditure	489.54	420.45
Supplies to services	-5813.84	-6524.50
Total Gross	580.38	80.62
Receipts/Recoveries	842.92	1113.27
Total Net	-262.54	-1032.65
Capital		
Mach. & Eqpt.	25.00	70.00
Works	106.46	63.03
Suspense	1.00	4.87
Total Capital	132.46	137.90
Total Revenue/Capital	-130.08	-894.75

1	2	3
Supplied to Services		
Army	5347.19	6089.37
Navy	114.94	86.19
Air Force	207.12	183.81
Others	144.59	165.13
Total	5813.84	6524.80

ANNEXURE V
(Please see Para 16)

(Rs. in crores)

Minor Head	R.E. 2000-2001	B.E. 2001-2002
Revenue		
1. Pay & Allowances	471.88	498.89
2. Miscellaneous	37.99	51.13
3. Transportation	29.32	38.45
4. Grant of Fellowships	2.20	2.20
5. Grants-in-Aid	207.00	218.80
6. Training of Personnel	0.22	6.22
7. Stores to R/R Fund	1552.76	1607.33
8. Works	149.74	172.05
9. Educational Facilities	6.50	7.00
10. Amenity Grants	0.20	0.21
11. Departmental Canteens	0.05	0.05
Total Gross	2457.86	2602.33
Receipts/Recoveries	9.00	10.00
Total Net	2448.86	2592.33
Capital	824.45	916.01
Total Revenue/Capital	3273.31	3508.34

ANNEXURE VI
(Please see Para 16)

(Rs. in crores)

Minor Head	R.E. 2000-2001	B.E. 2001-2002
Revenue		
1. Pay & Allowances	216.32	227.14
2. Miscellaneous	15.18	15.94
3. Transportation	5.56	5.26
4. Stores	99.60	100.47
5. Works	20.00	20.70
6. Departmental Centeens	0.09	0.09
7. Information Tech.	0.00	2.05
Total Gross	356.75	371.65
Receipts/Recoveries	10.00	10.50
Total Net	346.75	361.15
Total Capital	13.65	12.07
Total Revenue/Capital	360.40	373.22

ANNEXURE VII
(Please see Para 16)

MINISTRY OF DEFENCE

(Rs. in crores)

Minor Head	R.E. 2000-2001	B.E. 2001-2002
1	2	3
Revenue Section		
1. Deptt. of Defence	27.37	30.63
2. Deptt. of Defence Production & Supplies	4.96	5.66
3. Deptt. of Defence Research and Development	0.40	0.44
4. Defence Accounts Department	382.94	420.74
5. Defence Estate Organisation	38.93	43.06
Total Sectt. General Services	454.60	500.53
6. Canteen Stores Department	3234.63	3546.76
7. Maintenance—DAD Office Buildings	3.85	4.33
8. Maintenance—DEO Office Buildings	—	0.50
9. Maintenance—DAD Housing	5.87	6.43
10. Army Purchase Organisation	1.25	1.34
11. Subsidy in lieu of interest — MDL	—	—
12. Grant for V.R.S. To	2457.86	2602.33
(A) Bharat Earth Movers Ltd. (BEML)	—	—
(B) Mazagaon Dock Ltd.	—	0.60
(C) Garden Reach Shipbuilders & Engineers (GRSE)	—	—
Total Revenue Section	3700.20	4060.49

1	2	3
Less Receipts Generated by CSD	(-) 3389.60	(-)3723.84
Less Amount met from National Renewal Fund	(-) —	(-) —
Net Revenue Budget	310.60	336.65
Capital Section		
1. Construction — DAD Offices	5.68	7.05
2. Construction — DEO Officers	0.50	3.00
3. Construction — CSD Offices	7.43	8.50
4. Construction — DAD Housing	10.31	13.12
5. Construction — DEO Housing	0.50	3.00
6. Construction — CSD Housing	1.65	1.75
7. Investment in PSUs (MDL)	—	—
8. Miscellaneous	2.01	2.01
Total Capital Section	28.08	38.43

8. Shri Chandrakant Khaire

9. Shri K.E. Krishnamurthy

10. Shri A. Krishnaswami

11. Shri Hannan Mollah

12. Smt. Panna N...

ANNEXURE VIII
(Please see Para 16)

DEFENCE PENSIONS

Minor Head	(Rs. in crores)	
	R.E. 2000-2001	B.E. 2001-2002
Pension & Other Retirement Benefits		
Army	9749.70	9907.10
Navy	254.72	272.43
Air Force	534.51	590.07
Total	10538.93	10769.60

**MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE**

(2001)

The Committee sat on Wednesday, the 28 March, 2001 from 1100 to 1330 hrs & 1430 to 1630 hrs.

PRESENT

Dr. Laxminarayan Pandey - Chairman

MEMBERS

LOK SABHA

2. Shri S. Ajaya Kumar
3. Shri Raj Babbar
4. Shri Vijayendra Pal Singh Badnore
5. Smt. Sangeeta Kumari Singh Deo
6. Shri Jarbom Gamlin
7. Shri Raghuvir Singh Kaushal
8. Shri Chandrakant Khaire
9. Shri K.E. Krishnamurthy
10. Shri A. Krishnaswami
11. Shri Hannan Mollah
12. Smt. Ranee Narah
13. Prof. Rasa Singh Rawat
14. Dr. Col. (Retd.) Dhani Ram Shandil
15. Shri Ramjiwan Singh
16. Dr. Jaswant Singh Yadav
17. Dr. (Smt.) Sudha Yadav

RAJYA SABHA

18. Shri T.N. Chaturvedi
19. Shri Palden Tsering Gyamtso
20. Shri Suresh Kalmadi
21. Dr. Raja Ramanna
22. Shri Shanker Roy Chowdhury
23. Dr. Alladi P. Rajkumar

SECRETARIAT

1. Shri Ram Autar Ram - Joint Secretary
2. Shri K.D. Muley - Assistant Director

REPRESENTATIVES OF MINISTRY OF DEFENCE

MINISTRY OF DEFENCE

1.	Shri Yogendra Narain	Defence Secretary
2.	Shri Ajay Prasad	Addl. Secretary (P)
3.	Shri B.S. Lalli	Joint Secretary (G)
4.	Shri P.K. Misra	Joint Secretary(Air)
5.	Shri A.P. Sharma	Joint Secretary (N)
6.	Shri Ranjit Issar	Joint Secretary (O)
7.	Shri B.A. Roy	Joint Secretary (P&C)
8.	Shri K.G. Goel	Joint Secretary (ESW)
9.	Shri Arvind Joshi	Joint Secretary (APO&W)

DEPARTMENT OF DEFENCE PRODUCTION & SUPPLIES

1.	Shri Subir Dutta	Secretary (DP&S)
2.	Shri Dharendra Singh	AS (DP&S)
3.	Shri Karnail Singh	JS (HAL)
4.	Shri Om Prakash	JS (OF)
5.	Shri K.P. Singh	JS (SY)
6.	Shri C.R. Mohapatra	JS (S)

DEPARTMENT OF DEFENCE RESEARCH & DEVELOPMENT

1.	Dr. V.K. Aatre	Secretary (DR&D)
2.	Shri R. Swaminathan	CCR & D (R)

DEFENCE (FINANCE) DIVISION

1.	Shri P.R. Sivasubramanian	Secretary (Defence Finance)
2.	Shri A.K. Chopra	Addl. FA (A)
3.	Shri Abhijit Basu	Addl. FA (B)
4.	Smt. Bulbul Ghosh	Addl.FA (G)
5.	Smt. Dipali Khanna	Addl. FA (K)
6.	Shri Sunil Verma	Addl. FA (S)
7.	Shri Tarsem Lal	Addl. FA (T)
8.	Smt. Vijayalakshmi Gupta	Addl. FA (V)

NAVAL HEADQUARTERS

1.	Vice Admiral Arun Prakash	VCNS
2.	Rear Admiral SV Gopalachari	ACNS (P & P)

ARMY HEADQUARTERS

- | | | |
|----|--------------------------|------------------------------|
| 1. | Lt. Gen. S.S. Mehta | PVSM, AVSM **, VSM,
DCOAS |
| 2. | Lt. Gen. J.S. Dhillon | PVSM, UYSM, AVSM, MGO |
| 3. | Maj. Gen. V.K. Chopra | ADGFP |
| 4. | Maj. Gen. Mohinder Singh | Dy MGO |

AIR HEADQUARTERS

- | | | |
|----|-----------------------------------|-----------------|
| 1. | Air Marshal T.M. Ashthana | AVSM, VM, DCAS |
| 2. | Air Vice Marshal AVM Surjit Singh | ACAS (Fin.Plg.) |

DGQA

Lt. Gen. Amarjit Singh	DGQA
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DGDE

Dr. (Mrs.) Veena Maitra	DGDE
-------------------------	------

OFB

- | | | |
|----|------------------|-----------------|
| 1. | Shri A.D. Dave | Chairman, DGOF |
| 2. | Shri B. Banerjee | Member, Finance |

DGNCC

Lt. Gen. A.S. Rao	PS, AVSM, DG NCC
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2. The Chairman welcomed the Defence Secretary and his colleagues to the sitting of the Committee and invited their attention to the Directions 55 and 58 of the Directions by the Speaker, Lok Sabha.

3. The Committee then took evidence of the representatives of the Ministry of Defence on various points arising out of the Demands for Grants (2001-2002) of the Ministry of Defence and also written replies furnished by the Ministry to the List of Points.

4. The representatives of the Ministry explained and elaborated on the queries from the Members. The evidence was not concluded.

5. A verbatim record of the proceedings was kept.

6. The Committee decided to take further evidence of the representatives of the Ministry of Defence on the Demands for Grants (2001-2002) of the Ministry of Defence on 29 March, 2001.

(The witnesses then withdrew).

The Committee then adjourned.

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2001)**

The Committee sat on Thursday, the 29 March, 2001 from 1100 to 1400 hrs.

PRESENT

Dr. Laxminarayan Pandey - Chairman

MEMBERS

LOK SABHA

2. Shri Vijayendra Pal Singh Badnore
3. Smt. Sangeeta Kumari Singh Deo
4. Shri Jarbom Gamlin
5. Shri Raghuvir Singh Kaushal
6. Shri Chandrakant Khaire
7. Shri K.E. Krishnamurthy
8. Shri A. Krishnaswami
9. Shri Hannan Mollah
10. Prof. Rasa Singh Rawat
11. Shri A.P. Jithender Reddy
12. Dr. Col. (Retd.) Dhani Ram Shandil
13. Shri Ramjiwan Singh
14. Dr. Jaswant Singh Yadav
15. Dr. (Smt.) Sudha Yadav

RAJYA SABHA

16. Shri Nilotpal Basu
17. Shri Palden Tsering Gyamtso
18. Shri Suresh Kalmadi
19. Dr. Raja Ramanna
20. Shri Shanker Roy Chowdhury
21. Smt. Ambika Soni
22. Dr. Alladi P. Rajkumar

SECRETARIAT

1. Shri Ram Autar Ram - Joint Secretary
2. Shri K.D. Muley - Assistant Director

REPRESENTATIVES OF MINISTRY OF DEFENCE

MINISTRY OF DEFENCE

1.	Shri Yogendra Narain	Defence Secretary
2.	Shri Ajay Prasad	Addl. Secretary (P)
3.	Shri R.P. Bagai	JS (E)
4.	Shri B.S. Lalli	Joint Secretary (G)
5.	Shri P.K. Misra	Joint Secretary(Air)
6.	Shri A.P. Sharma	Joint Secretary (N)
7.	Shri Ranjit Issar	Joint Secretary (O)
8.	Shri B.A. Roy	Joint Secretary (P&C)
9.	Shri K.G. Goel	Joint Secretary (ESW)
10.	Shri Arvind Joshi	Joint Secretary (APO&W)

DEPARTMENT OF DEFENCE PRODUCTION & SUPPLIES

1.	Shri Subir Dutta	Secretary (DP&S)
2.	Shri Dharendra Singh	AS (DP&S)
3.	Shri Karnail Singh	JS (HAL)
4.	Shri Om Prakash	JS (OF)
5.	Shri K.P. Singh	JS (SY)
6.	Shri C.R. Mohapatra	JS (S)

DEPARTMENT OF DEFENCE RESEARCH & DEVELOPMENT

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DEFENCE (FINANCE) DIVISION

1.	Shri P.R. Sivasubramanian	Secretary (Defence Finance)
2.	Shri A.K. Chopra	Addl. FA (A)
3.	Shri Abhijit Basu	Addl. FA (B)
4.	Smt. Dipali Khanna	Addl. FA (K)
5.	Shri Sunil Verma	Addl. FA (S)
6.	Smt. Vijayalakshmi Gupta	Addl. FA (V)

NAVAL HEADQUARTERS

1.	Vice Admiral Arun Prakash	VCNS
2.	Rear Admiral SV Gopalachari	ACNS (P & P)

ARMY HEADQUARTERS

- | | | |
|----|--------------------------|--------------------------|
| 1. | Lt. Gen. S.S. Mehta | PVSM, AVSM**, VSM, DCOAS |
| 2. | Lt. Gen. J.S. Dhillon | PVSM, UYSM, AVSM, MGO |
| 3. | Maj. Gen. V.K. Chopra | ADGFP |
| 4. | Maj. Gen. Mohinder Singh | Dy MGO |

AIR HEADQUARTERS

Air Marshal T.M. Ashthana	AVSM, VM, DCAS
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DGQA

Lt. Gen. Amarjit Singh	DGQA
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DGDE

Dr. (Mrs.) Veena Maitra	DGDE
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OFB

- | | | |
|----|------------------|-----------------|
| 1. | Shri A.D. Dave | Chairman, DGOF |
| 2. | Shri B. Banerjee | Member, Finance |

DGNCC

Rear Admiral B.K. Ray	ADG (A)
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2. The Committee resumed evidence of the representatives of the Ministry of Defence on the various points arising out of the Demands for Grants (2001-2002) of the Ministry of Defence.
3. The representatives of the Ministry explained and elaborated on the queries from the Members. The evidence was concluded.
4. A verbatim record of the proceedings was kept.

(The witnesses then withdrew).

The Committee then adjourned.

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2001)

The Committee sat on Thursday, the 12th April, 2001 from 1500 hrs. to 1630 hrs.

PRESENT

Dr. Laxminarayan Pandey - Chairman

MEMBERS LOK SABHA

2. Shri Raj Babbar
3. Shri Vijayendra Pal Singh Badnore
4. Col. (Retd.) Sona Ram Choudhary
5. Shri Jarbom Gamlin
6. Shri Raghuvir Singh Kaushal
7. Smt. Ranee Narah
8. Shri Madhavrao Scindia
9. Dr. Col. (Retd.) Dhani Ram Shandil
10. Shri Ramjiwan Singh
11. Dr. (Smt.) Sudha Yadav

RAJYA SABHA

12. Shri Nilotpal Basu
13. Shri T.N. Chaturvedi
14. Shri Suresh Kalmadi
15. Dr. Raja Ramanna

SECRETARIAT

1. Shri Ram Autar Ram - Joint Secretary
2. Shri K.D. Muley - Assistant Director

2. The Committee considered the draft Report on Demands for Grants of the Ministry of Defence for the year 2001-2002. The Chairman invited Members to offer their suggestions for incorporation in the Draft Report.

3. The Members suggested certain additions/modifications/amendments and desired that those be suitably incorporated into the body of the Report. The draft Report was then adopted.

4. The Committee authorised the Chairman to finalise the Report in the light of verbal and consequential changes and for presentation of the Report to Parliament.

5. The Chairman then appreciated Members of the Committee who have spared their valuable time in attending the sittings of the Committee and have contributed a lot during the examination of the Demands for Grants. The Chairman also appreciated the efficient work done by the Secretariat for preparing the draft report in a very short period particularly officers and the staff of the Lok Sabha Secretariat in the holidays.

The Committee then adjourned.