

STANDING COMMITTEE ON DEFENCE
(2002)

SIXTEENTH REPORT

(THIRTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS

(2002-2003)

Presented to Lok Sabha on 23 April, 2002

Laid in Rajya Sabha on 24 April 2002



LOK SABHA SECRETARIAT

NEW DELHI

April, 2002/Vaisakha, 1924 (Saka)

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Shri Madan Lal Khurana — *Chairman*

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SECRETARIAT

1. Shri P.D.T. Achary - *Additional Secretary*
2. Shri Ram Autar Ram - *Joint Secretary*
3. Shri Krishan Lal - *Director*
4. Shri K. D. Muley - *Under Secretary*

INTRODUCTION

I, the Chairman, Standing Committee on Defence (2002) having been authorised by the Committee to submit the Report on their behalf present this Sixteenth Report on the Demands for Grants of the Ministry of Defence for the year 2002-2003.

2. The detailed Demands for Grants of the Ministry for the year 2002-2003 were laid on the Table of the House on 8 March, 2002.

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 2 & 3 April, 2002. The Committee considered and adopted the Report at their sitting held on 17 April, 2002.

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 2002-2003.

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;
17 April, 2002
27 Chaitra, 1924 (Saka)

MADAN LAL KHURANA,
Chairman,
Standing Committee on Defence.

REPORT

GENERAL

Introductory

The terrorist attack on December 13, 2001 at the Parliament House posed as a new threat to the security of India. As a consequence, there has been heightened tension on the Indo-Pak Border immediately afterwards. To fight this sponsored terrorism, the Government, after a serious review of the major loopholes in its security system, gave highest national priority to the modernization and upgradation of the country's defence system. The Government had to deploy heavy military troops all along the Indo-Pak Border to safeguard our national security. Consequently, heavy fund is also being spent every month on the troops mobilisation too.

2. The Minister of Finance, in his Budget Speech, has also proposed to impose a surcharge of 5 per cent for the year 2002-2003 to meet the urgent requirements of our national security. Keeping in view the modernisation and upgradation aspect of defence preparedness, the Minister has expressed determination to provide more funds, if any further need arises.

3. The Union Budget for the Defence Services estimates for the year 2002-2003 has proposed an increase of Rs. 8,000 crores in the total defence outlay over the revised estimates for the year 2001-2002. The Budget proposals of Ministry of Defence are contained in seven demands for grants i.e. Demand Nos. 15 to 21. Demand Nos. 15 and 16 cater to the requirements for the civil expenditure of the Ministry of Defence and Demand Nos. 17 to 21 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. 17, Defence Services — Army

Demand No. 18, Defence Services — Navy

Demand No. 19, Defence Services — Air Force

Demand No. 20, Defence Ordnance Factories

Demand No. 21, 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.17 (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. 17 to 21.

Budget Estimates 2002-2003 of Defence Services

8. The Budget Estimates of the Defence Services for the year 2002-2003, as compared with the Budget and Revised Estimates for 2001-2002 and the actual expenditure during the year 2000-2001, are summarised below :

(Rs. in crores)

		Actuals 2000-2001	Budget Estimates 2001-2002	Revised Estimates 2001-2002	Budget Estimates 2002-2003
REVENUE EXPENDITURE					
Gross Expenditure:	Voted	39088.94	44096.13	42101.62	45793.04
	Charged	8.64	13.08	14.08	16.29
	Total	39097.58	44109.21	42115.70	45809.33
Receipt & Recoveries		1859.59	2067.73	2072.33	2219.96
Net Revenue Expenditure		37237.99	42041.48	40043.37	43589.37
CAPITAL EXPENDITURE					
Gross Expenditure:	Voted	12378.82	19946.49	16942.60	21395.95
	Charged	5.23	12.03	14.03	14.68
	Total	12384.05	19958.52	16956.63	21410.63
Recoveries on Capital Account		—	—	—	—
Net Capital Expenditure		12384.05	19958.52	16956.63	21410.63
Net Revenue & Capital Expenditure		49622.04	62000.00	57000.00	65000.00

Civil Estimates of the Ministry of Defence

9. The requirement 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. In addition, the expenditure in respect of Coast Guard Organisation has been transferred from Deptt. of Revenue (Customs), Ministry of Finance to Civil Demands for Grants of the Ministry of Defence *w.e.f.* Budget Estimates 2002-2003. These are not included in the overall Defence Allocation of Rs. 65000.00 crores in Budget Estimates 2002-2003. The requirements of the Border Roads Organisation are provided for by the Ministry of Surface Transport.

10. The provisions in RE 2001-2002 and BE 2002-2003 under Demand No. 15 are given below. Major components of gross Revenue expenditure in Revised Estimates 2001-2002 are CSD (Rs-3546.76 crores), Defence Accounts Department (Rs-390.98 crores). Defence Estates Organisation (DEO) (Rs-42.81 crores). In the Capital outlay of Rs.27.61 crores in the Revised Estimates 2001-2002, the major allocations are for the Capital outlay on Housing/Office Buildings (Rs.25.60 crores) and Miscellaneous Loans for URC by CSD (Rs-2.01 crores) etc.

(Rupees in Crores)

	BE 2001-2002	RE 2001-2002	BE 2002-2003
Gross Revenue	4060.49	4021.19	4673.66*
Capital	38.43	27.61	336.77**
Gross Expenditure	4098.92	4048.80	5010.43
Receipts (CSD) (-)	3723.84	3726.86	4099.49
Amount met from N.R.F	—	—	—
Net Expenditure	375.08	321.94	910.94

(Break up given in Annexure-VII)

* Includes Rs-273.60 crores for Coast Guard Organisation.

** Includes Rs.296.40 crores for Coast Guard Organisation.

The Budget Estimates for Coast Guard Organisation have been shifted from the Ministry of Finance (Deptt. of Revenue) to the Ministry of Defence (Civil) with effect from 2002-2003. Revised Estimates of the Coast Guard Organisation have, however, been provided in the Demands for Grants of the Ministry of Finance, Department of Revenue.

11. Demand No. 16 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 pension, commuted value of pension, 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 2001-2002	RE 2001-2002	BE 2002-2003
10769.60	10488.23	10700.22

(Break up given in Annexure-VIII)

The reduction of Rs-281.37 crores in the RE over BE 2001-2002 allocation in the Demand is mainly due to less Dearness Relief sanctioned to Central Government Pensioners with effect from 1.1.2001 and 1.7.2001, than anticipated and due to less number of retirees than estimated at the time of formulation of Budget. The allocation in BE 2002-2003 contains an additional amount of Rs.211.99 crores over RE 2001-2002 mainly to provide for normal annual growth of pensioners and arrears on account of revision of Disability/War-Injury Pension etc.

Allocations for 2001-2002

12. As indicated in the General Budget, the provision for Defence Services under Demand Nos. 17 to 21 for 2001-2002 in the Budget Estimates (BE) was Rs. 64,067.73 crores (Gross) and Rs-62,000.00 crores (Net). The Revised Estimates (RE) has been pegged to Rs-59,072.33 crores (Gross) and Rs-57,000.00 crores (Net). As compared to the net actuals of 2000-2001, (Rs-49622.04 crores), the RE for 2001-2002 shows an increase of Rs.7377.96 crores in absolute terms and an increase of 14.87 in percentage terms.

13. The Demand-wise position is as under :

(Rupees in Crores)

Demand	BE 2001-2002	RE 2001-2002
1	2	3
1. Army (Revenue expdr. of Army, NCC, R&D and DGQA)	31773.16	30313.08

	1	2	3
2. Navy (Revenue expdr. of Navy)		4331.51	3958.04
3. Air Force (Revenue expdr. of Air Force)		7923.92	7227.05
4. Defence Ordnance Factories (Revenue expdr. of Ord. Fact.)		80.62	617.53
5. Capital Outlay on Defence Services (Capital expdr. of all Services Deptts.)		19958.52	16956.63
Total Gross Expenditure		64067.73	59072.33
Receipts/Recoveries		(-) 2067.73	(-) 2072.33
Total (Net)		62000.00	57000.00

14. Out of the Revised Estimates of Rs. 57000.00 crores for 2001-2002, the provision for Revenue expenditure is Rs. 40,043.37 crore. while that for Capital expenditure is Rs. 16956.63 crores. The major components of the net Capital expenditure are Land—Rs. 41.33 crore. Works—Rs. 1792.05 crores. Aircraft—Rs. 4509.55 crores. Heavy and Medium Vehicles—Rs. 495.49 crores. Other Equipment—Rs. 7148.89 crore: Naval Fleet—Rs. 2280.87 crores. Machinery and Equipment for Ordnance Factories—Rs. 18.00 crores and other items—Rs. 670.45 crore:

Budget Estimates 2002-2003

15. The Budget Estimates for 2002-2003 work out to Rs. 67,219.96 CTOK (Gross) and Rs. 65,000.00 crores (Net).

The demand-wise position is as under:-

(In crores of Rupees)

Demand	RE 2001-2002	BE 2002-2003
1. Army (Revenue expdr. of Army, NCC R & D and DGQA)	30313.08	31436.35

1	2	3
2. Navy (Revenue expdr. of Navy)	3958.04	4649.91
3. Air Force (Revenue expdr. of Air Force)	7227.05	8427.17
4. Defence Ordnance Factories (Revenue expdr. of Ord. Factories)	617.53	1259.90
5. Capital Outlay on Defence Services (Capital expdr. of all Services/Deptts.)	16956.53	21410.63
Total Gross Expenditure	59072.33	67219.96
Receipts / Recoveries	(-) 2072.33	(-) 2219.96
Total (Net)	57000.00	65000.00

Category-wise break up

16. A comparison of the Service/Department-wise allocations in R.E. 2001-2002 and B.E. 2002-2003 is given below:—

(Rupees in crores)

Service* Deptt.	R.E. 2001-2002	%age of Total Budget	B.E. 2002-2003	%age of Total Budget	DETAILS SHOWN IN
Army	32996.34	57.89%	35011.20	53.86%	ANNEXURE-I
Navy	8696.05	15.25%	9872.02	15.19%	ANNEXURE-II
Air Force	11968.30	21.00%	15689.05	24.14%	ANNEXURE-III
DGOF	(-) 350.13	(-) 0.61%	353.00	0.54%	ANNEXURE-IV
R&D	3323.04	5.83%	3655.89	5.62%	ANNEXURE-V
DGQA	366.40	0.64%	418.84	0.65%	ANNEXURE-VI
Total	57000.00	100%	65000.00	100%	

* Net Revenue plus Capital provision has been shown here.

17. The Gross Revenue Expenditure in the Budget Estimates for 2002-2003 is 68.15% as compared to 71.30% in the Revised Estimates 2001-2002. The Gross Capital Expenditure in the Budget Estimates 2002- 2003 is 31.85% as against 28.70% in the Revised Estimates 2001-2002.

18. The Net Revenue expenditure in the Budget Estimates for 2002- 2003 is 67.06% as compared to 70.25% in the Revised Estimates, 2001-2002. The Net Capital expenditure in the Budget Estimates 2002-2003 is 32.94% as against 29.75% in the Revised Estimates 2001-2002.

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

19. The following table shows Defence expenditure as a 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	2.97
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	2.29
1999-2000	15.79	2.44
2000-2001	15.24	2.38 Q
2001-2002 (RE)	15.64	2.49 P
2002-2003 (BE)	15.84	2.56 P

Q — Quick Estimates

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. 74214.08 crores for 2002-2003. Of this, Rs. 47176.32 crores were under Revenue and Rs. 27037.76 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. 70323.00 crores for 2002-2003 for Defence to the Ministry of Finance. Of this, Rs. 44053.37 crores were under Revenue and Rs. 26269.63 crores under Capital.

22. Ministry of Finance have, after further discussions, allocated Rs. 65000.00 crores against the Ministry of Defence's recommendation. Of this, Rs. 43589.37 crores have been provided under Revenue and Rs. 21410.63 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 per ceiling made by MoF	Shortfall of (4) over (3)	%age shortfall of (4) over (3)
Army	39461.14	37396.20	35011.20	2385.00	6.38
Navy	10606.36	10362.02	9872.02	490.00	4.73
Air Force	19488.70	17923.05	15689.05	2234.00	12.46
DGOF	478.00	478.00	353.00	125.00	26.15
R&D	3725.89	3725.89	3655.89	70.00	1.88
DGQA	453.99	437.84	418.84	19.00	4.34
Total :	74214.08	70323.00	65000.00	5323.00	7.57

24. The Ministry of Defence recommended a total provision of Rs. 26269.63 crores under Capital Outlay after detailed consultation with Service HQrs/Deptts. This included Rs. 22392.42 crores for ongoing/committed schemes and new schemes under modernisation and Rs. 2682.01 crores for various land, works programme etc. of the three Defence Services and balance Rs. 1195.20 crores for other Departments viz. DGOF, R&D and DGQA. Against this, a total of Rs. 21410.63 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	9218.64	7750.00	6550.00
Land, Works etc.	834.06	1945.12	870.12
Navy			
Equipment Heads	5514.08	5514.08	5164.08
Land, Works etc.	139.22	229.22	154.22
Sub-Total	5653.30	5743.30	5318.30
Air Force			
Equipment Heads	9748.34	9128.34	7144.34
Land, Works etc.	388.22	507.67	367.67
Sub-Total	10136.56	9636.01	7502.01
Total (Army, Navy & AF)	25842.56	25074.43	20240.43
DGOF	195.24	195.24	195.24
R&D	978.96	978.96	958.96
DGQA	21.00	21.00	16.00
Grand Total	27037.76	26269.63	21410.63

26. The Committee note that the total Defence allocations for the year 2002-2003 have been put at Rs. 65000 crores which marks a slight increase of Rs. 8000 crores over Revised Estimates (2001-2002) of Rs. 57000 crores and 4.8 per cent hike over Budgetary Estimates (2000-2001) of 62000 crores. The percentage hike in the defence budget thus shows a marginal increase of 14.03 per cent for 2002-2003 as compared to 13.8 per cent for the year 2001-2002. So far as its share in Central Government Expenditure and Gross Domestic Product is concerned, provisionally it is worked out at 15.84 per cent and 2.56 per cent respectively for the year 2002-2003 against 15.64 per cent and 2.49 per cent for 2001-2002. The Committee desire that the defence expenditure should be at least 3.0 per cent of GDP.

27. The Committee view seriously about the unspent funds of Rs.5000 crores, out of which Rs.3000 crores are contributed by Capital Expenditure meant for procurement of new weapon systems. Since procurement is a continuous process, spreading over several years, recent alleged scandals in defence deals have made the process slower. In the wake of the recent terrorist attack on Parliament House, coupled with continuous disturbance due to cross-border terrorism, it would be a challenging task to fight the threat to national security in the face of shortage of advanced weapon systems. The Committee hope that the recently constituted Defence Procurement Board would function effectively to speed up the defence purchases. Out of the total defence outlay, provision for capital expenditure has been reasonably hiked to Rs.21410.63 crores for the current year from Rs.16956.53 crores in 2001-2002. The Committee, therefore, recommend that the amount allocated for the year 2002-2003 should be used for purchase of new weapon systems, modernisation and upgradation of the existing systems. It should also be ensured that no surrender of funds is made.

28. In regard to the proposal of a non-lapsable fund, the Ministry of Defence have stated in a written reply that "In order to fully utilise the allocated amount, the progress of defence Expenditure and status of various procurement proposals is kept under constant review and follow up action as necessary is taken. A new procurement Organisation has also been established to deal with acquisition on Capital account for the Defence Services. Regarding the setting up of a 'Non-lapsable fund', a proposal has been made to Ministry of Finance to evolve a mechanism to allow carry forward of unused amount of one financial year under the Capital outlay, to the next financial year".

The Defence Secretary also stated during the evidence that:—

"We had sent this proposal on the basis of the letter written by the hon. Raksha Mantri to the hon. Finance Minister. The Ministry of Finance has written back to us on the 19th March that this matter is being looked into by them and that they would revert back to the Defence Ministry very soon".

The Defence Secretary further stated during the evidence that:—

"As per the Estimates Committee's instruction, they do not allow grants to be transferred".

29. The Committee note that the procurement procedure of defence equipment is time consuming, tedious and complicated. The allocated fund remains unspent due to this. Moreover, the Committee have serious apprehension that the Ministry of Defence will not be able to draw fresh defence allocation from the Ministry of Finance, in addition to the unspent fund that has to be carried forward to the next defence budget under the proposed 'Non-Lapsable Fund' (NLF). The Committee, therefore, recommend that certain measures should be taken by the Ministry of Defence to explore the feasibility of re-appropriation of unspent funds, in consultation with Cabinet Committee on Security for procurement of weapons which are of crucial importance for the Defence of the country. The Committee further recommend that the defence allocation each year should be so designed by the Ministry of Defence that no funds remain unspent. The Committee also stress that the Ministry of Defence should not depend on non-lapsable fund or re-appropriation of unspent funds but should strive to utilize the funds, being allocated each year for procurement and modernisation process to the maximum.

ARMY

Ex-Servicemen

30. The Ministry of Defence have stated that for re-employment of Ex-Servicemen, the Central Government have reserved 10% vacancies in Group 'C' posts and 20% of Group 'D' posts. Central Government Undertakings and Nationalised Banks provide 14.5% reservation in Group 'C' and 24.5% in Group 'D' posts for them. Ten percent posts of Assistant Commandants in Para Military Forces are also reserved for Ex-Servicemen. In Defence Security Corps, 100% vacancies are reserved for Ex-Servicemen. In addition to this, most of the State Governments, except the states of Bihar, Jammu & Kashmir, Kerala and Meghalaya and the Union Territory of Andaman & Nicobar Islands, are providing reservations to ex-Servicemen in the State Government jobs, however, the reservations in State varies from State to State. To facilitate re-employment of ex-Servicemen, provisions have been made for relaxing the age limits and the educational qualifications.

31 During the oral evidence it came to the notice of the Committee that Kargil review Committee Report has recommended that in order to have a young Army the services of Jawans should be reduced from sixteen years to seven or eight years and then they may go into the <teen years to seven or eight years and then they may go into paramilitary forces. The three Chiefs have also recommended this.

32. It came into the notice of the Committee that the matter regarding one rank one pension has been hanging fire since long. The present 50% of minimum pay as pension, granted by the Government along with civilian employees with 33 years of service, is denied to the Defence Personnel from the rank of Sepoy to Naib Subedar as they are not allowed to serve for 33 years. They get only 33% to 40% pension inspite of the weightage of 5 years granted to them. Besides the civilians employees due to longer years of service period get more promotions, thereby increase in their minimum pay, hence more pensionas compared to defence personnel who are sent home with less service.

33. During the service the defence personnel and their dependents are provided full medical cover by the Government. But after retirement no assured medical cover is available to the Ex-Servicemen who comprise 4% of the Central Government pensioners and they along with their dependents are provided full medical cover by the Government.

34. A large number of service personnel who constitute a rich source of trained and disciplined manpower retire or are released from active service every year. Thus the forces and the country loose the trained personnel. On the other hand, persons who retire at young age have very little chance of getting on employment in the present scenario of downsizing the work force everywhere.

35. The Committee, therefore, recommend that the Government should seriously consider the reduction of colour service to a period of seven to ten years from the present practice of having 17 years of colour service, thereafter, re-employ these officers and men for service in the country's para military forces. Assured re-employment of ex-Servicemen will make the new recruitment in the armed forces more attractive as a career which will keep the army young.

36. The Committee also recommend that the Government should take time bound action on rationalisation and re-definition of the current pension regulations to allow 50% of basic pay at the time of retirement as pension to defence services personnel, who have to retire early at various ranks before completion of 33 years service under inter-Unked rank cum service conditions of retirement, which are not applicable to any other civil department of Government. The Committee further recommend that long pending demand of ex-Servicemen regarding one rank one pension should be considered with all seriousness by the Ministry of Defence in a time bound manner and full medical cover should be provided to the ex-Servicemen and their dependents without any further delay as a large number of ex-Servicemen have a feeling of negligence for want of proper medical care.

Fire in Ammunition & Ordnance Depots

37. The Ministry of Defence have stated that taking note of the fire incidents in the recent past in the Ammunition Depots following plans have been made to check recurrence of fires. The plan includes implementation of safety measures, modernisation of security and safety infrastructure in the Ammunition Depots and covered accommodation for Ammunition.

I. Safety Measures

- (a) All depots have been directed to update safety and security instructions.
- (b) All depots have been inspected by a Board of Officers to check adequacy of safety and security arrangements.
- (c) Shortages in fire fighting equipment are being made up and defective equipment repaired.
- (d) Unserviceable ammunition is being disposed off on priority.
- (e) Allotment of additional funds for creation of more storage accommodation, for shifting ammunition presently stored on open plinths under canvas to Explosive Stores Houses.

II. Modernisation of security and safety infrastructure in Ammunition Depots

Trials on 'No Cost No Commitment' basis, for Powered Fencing, and other equipment like Early Warning Systems, Electronic Alarm Systems, Close Circuit TV Sensors, Electronic Surveillance Devices and Equipment for frisking personnel and vehicles at entry points etc. have been carried out. A comprehensive case for modernisation of the security and safety infrastructure in Ammunition Depots with these devices, at an estimated cost of Rs.200 crores is under consideration.

III. Covered Accommodation for Ammunition Storage

Since 1950 till year 1999, projects for construction of ammunition storage accommodation were sanctioned for only Rs.129 crores. However, in the last three years the funding for provision of additional accommodation for ammunition storage has been provided.

38. Courts of Inquiry were ordered into the fire incidents in all cases. The outcome of the Courts of Inquiry and the action taken thereon are given below :

1. *Ammunition Depot, Bharatpur (28 April, 2000) Loss suffered 393 crores*

The likely cause was due to short circuit/sparking on pole No.4 near Guard Post No.II. It has, however, not been possible to confirm this through specific, direct evidence. The Court of Inquiry has, *interalia*, made the following recommendations :

1. Manpower and Equipment deficiency be made up.
2. Strict control be maintained over cooling and heating at the Guard Posts.
3. Communications capability needs to be strengthened.
4. Employment of Casual Labour for clearance of undergrowth be permitted.
5. Construction of additional ammunition sheds be taken up.

Deficiencies in manpower and equipment have been made up partially. Construction of 21 Explosive Stores Houses for storage of ammunition is in progress. Works on perimeter fencing, and for enhancement of electric and water supply have been sanctioned. Additional communication equipment has also been provided. Administrative action against 3 Officers, 6 Other Ranks and 6 Civilians found guilty by the Court of Inquiry has been completed.

II. *2 Ammunition Sub Depot (18 FAD), Mamoon (Pathankot) 29.4.2001
Loss suffered 27.69 crores*

The court of Inquiry made the following main recommendations :

- (i) Deficiencies in fire fighting equipment be made up.
- (ii) Shortage of security staff be made up.
- (iii) Plant and Machinery for clearance of grass be procured.
- (iv) Holding of unit ammunition in depots to be avoided.
- (v) Storage and handling of ammunition to be as per regulations.

The Court of Inquiry has been finalised. Departmental directions on security, fire fighting and management of ammunition have been reiterated. The Court of Inquiry has held three Officers, one Junior Commissioned Officer and three Other Ranks responsible for acts of omission. Administrative/Disciplinary action against the officials found responsible have been initiated.

III. 2 Ammunition Sub Depot (24 Field Ammunition Depot) Birdhwal (Gangai-ulgar) (24.5.2001) Loss suffered 374.04 crores

As per the Court of Inquiry the cause of fire in all probability was due to self actuation of Copper Azide affected fuze anti-tank while in stored condition. There is no evidence on record to suggest any foul play/sabotage, however, the same cannot be totally ruled out.

Disciplinary action against 3 Officers, 5 JCOs & 10 Other Ranks has been initiated.

39. The Ministry of Defence also gave details on the incidents of fire reported in Ordnance Depots during the last three years, which are as follows .•

Sl. No.	Name of Unit	Date of Occurrence	Approximate Loss suffered
1.	Central Ordnance Depot, Kanpur	28 May, 2000	Rs.4.00 Crores
2.	Ordnance Depot, Shakurbasti, New Delhi	3 June, 2001	Rs.2.87 Crores
3.	Central Ordnance Depot, Jabalpur	6 August, 2001	The extent of loss will be known on finalisation of Court of Inquiry

The Ministry of Defence have stated that modernisation Ordnance Depots has been a long felt need. Most of the infrastructure in these Depots in terms of storage accommodation, offices, security and fire fighting work is of World War II vintage and needs to be replaced, in keeping with the changed environment.

40. It had been decided to modernise all the seven Cent Ordnance Depots located at Agra, Mumbai, Chheoki, Delhi Cantonment Dehu Road, Jabalpur and Kanpur, in a phased manner. To begin with modernisation of Central Ordnance Depot, Kanpur involving expenditure of Rs.187 crores approximately has been taken up. This is likely to be completed by December, 2003. The Project envisages complete mechanization of the stores handling, construction of additional storage accommodation and improvement in security environment by better lighting, reduced deployment of security personnel and higher perimeter wall, etc.

41. In the 10th Army Plan modernization of Central Ordnance Depots at Agra, Jabalpur and Delhi Cantonment at the cost of Rs. 300 crores depot is proposed to be taken up at an estimated cost of Rs. 900 crores

42. The Committee are extremely unhappy to know that even after two years of the incident of fire in Ammunition Depot of Bharatpur, no concrete remedial measure has been taken to make up the deficiencies as recommended by the Court of Inquiry. Adequate Manpower has also not been employed in Ammunition Depot, Bharatpur. Works on fencing of Depot has not yet started. It is very essential for the security of the Depot. The Committee recommend that the Government should ensure that these incidents of fire were not part of sabotage.

43. The Committee note that the Ministry of Defence have taken few steps to modernise Ammunition and Ordnance Depots. However, the recurrence of fires in different depots across the country indicate serious lapses in the steps taken by the Government to prevent fire incidents in the Ammunition Depots. The Committee desire that the modernisation process like power fencing, early warning system, electronic alarm system, CCTVs etc. in all the Depots should be speeded up as delay may have grave consequences.

Night Vision Devices and Thermal Imaging Systems

44. The Ministry of Defence have stated that Thermal Imaging systems are at various stages of procurement. It is proposed to fit a majority of the tank fleet with thermal imaging night sights during the 10th plan and the balance will be procured in the 11th Plan.

45. Technology in the field of night vision devices is progressing fast. Trials on indigenous night vision devices (Image Intensifier based) did not prove successful. It has now been decided to float global Request for Proposals (RFP).

46. Thermal imaging systems and night vision equipments incorporate technologies which are rapidly changing. It has been the endeavour of the Government to obtain the equipment and the technology best suited for indigenous production. Such activities are normally time consuming since these involve assessment of various technologies and production methodologies in the context of capability of indigenous production agencies.

47. During the oral evidence the Defence Secretary has stated :

".....we are also going in for night vision facilities to our men and we have also gone in for what we call Hand-held thermal imagers—HHTI in our counter-insurgency operation because with these Hand-held thermal imagers you can see in the night if there is a person behind a bush or a tree and you can take action against him if there is any insurgent is there....."

"..... Government has approved the first 250 tanks to have the night vision facilities....."

48 During the oral evidence it came to the notice of the Committee that Department of Space has developed night vision device.

49. The Ministry have informed that Night Vision devices are already being manufactured in India by Opto Electronic Factory, Dehradun, BEL and few other companies.

50. The Committee note that the Night Vision devices are being manufactured by the Bharat Electronics Limited (BEL) and some other factories in India, the Committee therefore strongly recommend that the item which is urgently needed for the armed forces should be procured from these indigenous sources without further delay. This will help to promote indigenous colilpanies and also save precious foreign exchange of the nation.

Weapon Locating Radar

51. The Ministry of Defence informed that Request for Proposal has been issued to five known manufacturers on 4 January, 2002 for trials on Weapon Locating Radar (WLR) in India on 'No Cost No Commitment' basis. Responses received from vendors are being processed. US Government has offered to supply Weapon Locating Radars through their Foreign Military Sales (FMS) programme. This offer is also being analysed. The price negotiations for WLR ex-M/s ISKARA, Ukraine, were suspended in July, 2000 and the case has been closed based on certain complaints and inquiry by CBI.

52. The Ministry have informed that ANTPQ-36 and ANTPQ-37 WLR from USA have been acquired by Pakistan. It is learnt that Pakistan had procured ANTPQ-36 WLR in September, 1996 and ANTPQ-37 WLR later.

53. During the oral evidence it was stated by Secretary (Acquisition):—

".....We are considering going in for the American Raytheon Weapon Locating Radar.....".

54. During the oral evidence Secretary(R&D) informed the Committee:—

".....In 1989, we found that ANTPQ-37 which we are now bidding for is the best available WLR, unfortunately that radar was not cleared for India for many reasons. We also went and tested the ISKARA; we recommend that ISKARA could be brought. It was immediately cleared. Army has tested this radar.....if this CVC report had not come up, perhaps we would have bought it..... ANTPQ-37 is costlier at about Rs. 68 crores and ISKARA is about Rs. 47-48 crores."

55. The Ministry have also informed that the Weapon Locating Radar is likely to be available within three years.

56. The Committee are not satisfied with the reply of the Ministry of Defence that acquisition of Weapon Locating Radar(WLR) will take three years. This is not a reassuring statement. It was known to the Government that WLR was acquired by Pakistan some time back and India has to acquire it under any circumstances. But because there was an inquiry by the CBI the whole attempt to procure this vital system was almost given up for quite some time. The attempt was revived only during the Kargil conflict. That an inquiry had to be held during the process of negotiations exposes the murky side of arms deals. But to deprive the armed forces of a vital equipment which increased their vulnerability to the enemy's fire power is an inexcusable act. The Defence Ministry should, therefore, give up the slow paced move to procure WLR within three years. Three years is a long period. In view of the grave security threat emanating from across the borders, immediate steps should be taken to procure WLR.

The Committee further recommend that the Government should ensure that the country must get the continuous supply of spares of Weapon Locating Radar even in the times of war.

Ballistic Missile Defences

57. One issue that has generated a powerful impetus in the international arena is that of the Ballistic Missile Defences (BMD). Advanced Countries determination to operationalise a National Missile Defence (NMD) system to protect itself from errant incoming missiles launched from an enemy country, threatens to throw the traditional concept of nuclear deterrence out of gear. Its likely impact on the existing international nuclear fabric has compelled nearly every country to take note of this new development and assess the potential ramifications for its own security.

58. During the oral evidence Defence Secretary has stated:—

".....mentioned about missile defence system and the nuclear threats and whether the budget covers that. He also mentioned about threat perceptions not from the immediate neighbourhood but from distant places..... It is a fact that we have to take some measures to protect ourselves from these missile threats which can be shot off from very far off places. What form our missile defence system should take is being worked out by our Defence research organisation as well as our experts in the Armed Forces. We are very much aware of this danger we have."

59. The Committee desire that in view of the serious implications of Ballistic Missile Defences (BMD), it is necessary for the Ministry of Defence to give serious thought to the issue. The Committee, therefore, recommend that a time bound schedule should be chalked out at the earliest to develop the missile defence system in the country to strengthen our armed forces in meeting with the enemy military might.

Private Sector Participation in DRDO Projects

59. During the oral evidence on the suggestion (of one Hon'ble Member) on the issue of synergy between private sector and DRDO, Secretary (R&D) has stated:—

".....Regarding private sector utilisation, the Secretary (Defence Production) and I have held a meeting with the CII and others. We are trying to define a few things. Hopefully they will materialise sometime later this year. In many of our component devices, subsystems, small system development, coming out of technologies either available within DRDO or at least the other three research organisations of Ministry of Defence, we have a very large number of small private sector people working already."

".....On the polymer side, my laboratory in Kanpur has a fab-number of collaborations with private sector. But again, all of them are very small sector industries....."

60. The Committee are happy to note that the small companies in the private sector have already started manufacturing Defence equipment. But their participation is on a very modest scale. The Committee feel that there is scope for greater participation of these industries in defence production.

62. The Committee recommend that the Ministry of Defence should chalk out a plan to attract the corporate houses of good reputation towards manufacturing sophisticated defence equipment in collaboration with DRDO.

Vacancies in DRDO

63. The Ministry of Defence have stated that there is substantial shortfall i.e. of 32% in the Scientists category (DRDS) of DRDO.

Despite the best efforts, DRDO has not been able in the past to recruit/retain scientific talent in required numbers commensurate with increasing work requirements. Some slippages have occurred in meeting set targets during the Ninth Plan. While, these slippages have been due to various reasons such as technological complexities, US sanction/embargo and other issues, non-availability of suitable scientific manpower has been an important contributing factor.

64. During the oral evidence Secretary (R&D) has stated:—

".....If I recruit on an average about 750 people, probably 600 will join, by the end of four years I would have recruited these 2400 people. Even after recruitment, retaining them with us has become a major issue. They use this as a training ground. They get trained very well and find extremely good jobs and leave. Last time you advised us to give incentives. We have worked out an incentive paper and submitted it last June to PMO. It has not yet been approved. Obviously, we cannot give them more salary. But we have indicated as to what are the other incentives that they give to the defence scientists so that I can use this as a ploy to attract them....."

65. The Committee recall its earlier recommendation made in the Eleventh Report on Demands for Grants (2001-2002) for providing special incentives to Scientists working in DRDO and note that DRDO has worked on the incentive plan to attract and retain scientists in DRDO and submitted the above plan for approval of the Government in June, 2001 but the Government has not taken any decision so far on it. The Committee, therefore, urge upon the Government to approve the incentive plan submitted by DRDO in the interest of the nation.

NAVY

Goa Shipyard Ltd.

65. The Ministry of Defence have stated that Goa Shipyard Limited (GSL) has built two Hydrographic Survey Vessels namely, INS Darshak and INS Sarvekshak. No order has so far been received by GSL for export of such type of ships. GSL is however, trying to get orders from other countries for export of hydrographic survey vessels.—

During the oral evidence, Secretary(DP&S) has stated:

".....The Vietnam Government had wanted to build hydrographic survey vessels. The Goa Shipyard had bid for it....."

67. The Committee note that Goa Shipyard Limited are bidding in foreign market, however it desire that expertise of our shipyards may be highlighted internationally to get overseas orders and it should also explore the possibility to work with other ship building companies in the foreign countries. The Committee feel that this will definitely help in proper utilisation of available skilled manpower and to keep order book position of the shipyard healthy. The Committee also recommend that provision for building of Air Defence Ship be made at Cochin Shipyard Limited on priority.

Delay in Submarines Manufacturing

68. Regarding delay in the construction of submarines the Ministry of Defence has stated that it is proposed to indigenously construct six submarines, based on the French Scorpeno design at M/s MDL, Mumbai with requisite assistance from France.

69. The Scorpene design incorporates modern techniques and a contemporary sensor and weapon package, including highly sophisticated Sonar. The submarines would also have a very low signature. These capabilities would enhance Indian Navy's underwater warfare capabilities.

70. During the oral evidence Secretary (DP&S) has stated:

"It is a fact that the submarines, the HDW submarines, the 1500 class submarines, the German submarines—two were imported, and two were assembled at Mazagon Docks. The last assembly was completed in 1993-94. Thereafter, the Mazagon Docks had no submarine construction or assembly work. It is a fact that the trained workforce in Mazagon Docks who had been trained in submarine assembly are no longer trained or left the organisation. That is why, from 1997 onwards, the Government has been trying to finalise the series construction of submarines at Mazagon Docks. Originally it was sanctioned by the Government in 1997 for two submarines. This is referred to as Project 75. But various obligations arose in that due to the foreign venture having association with the HDW. That is why, somewhere around 1999, it was felt by the Government that it would not be proper to take that route. Thereafter, it has been decided by the Navy that they will go in for a French submarine."

71. Assistant Chief Naval Staff (ACNS) has also stated :

"Sir there was a 30 year old submarine plan that we made. Earlier the plan was to procure two submarines from the German source which was the HDW source. In that plan the aim was that we should make two submarine lines, six submarines in each line. That means 12 submarines to be made in the first 15 years. These submarine lines were to be made in Mazagon Docks. Then six submarine lines were to be made so that we can have the competency to be able to offer two submarines. India did not have the technology of building submarines. The plan was that we acquire transfer of technology from abroad from whichever country that is prepared to give us the transfer to technology. Therefore, in the first 15 years we will do 12 submarines and in the next 15 years of the 30 year period we were to make submarines with totally independent technology. That means, there was nothing to be taken from abroad. All industrial capability available in the country is to be used to make these submarines. This plan was approved sometime in 1998-99. Thereafter the negotiations took place. We are identifying the submarines and the French submarines were found to be most suitable. The PNC has been concluded very recently."

72. The Committee note that there has been delay in the manufacturing of submarines at Mazagon Docks Ltd. (MDL) because the concerned persons were unable to take decisions because enough information on technology was not available and these type of projects involved high technology. However, when looking back on the span of years spent on the Transfer of Technology, in the process of decision making and in final approval, it seems that there was little effort made for serious consideration of the project.

73. The Committee desire that plans for construction of projects which have national importance must be prioritised accordingly and a review must be carried out in time bound manner to know the short falls in delay in the starting and completion of the projects.

Deep Submergence Rescue Vessels

74. Deep Rescue Submergence Vessels are useful in the case of accidents of submarines in the deep sea to save the lives of Naval personnel. On the question of availability of Deep Submergence Rescue Vessels (DSRVs), the Ministry of Defence has replied that presently, the Navy has limited submarine rescue capability.

75. The Navy having examined the available options for meeting its submarine rescue requirements has found the DSRV/Rescue Kit to be the most cost effective option. A proposal for the acquisition of DSRV/Rescue Kit is under active consideration.

76. The Committee are surprised to note that the proposal for acquisition of life saving equipment like Deep Submergence Rescue Vessels (DSRVs) is still pending with the Government for consideration. The Committee are of the view that acquisition of such type of items which are very important in saving of lives of our trapped marine personnel in deep waters should be given top priority and should be made available to Indian Navy without further delay.

Air Force

77. The total expenditure (net of Revenue Receipt as seen from the Budget Estimates 2001-2002) for the Air Force (Demand No. 19) was Rs-7713.55 crore. The Revised Estimates are shown as Rs-7016.68 crore. The variation between the BE (2001-2002) and RE (2001-2002) is about Rs.700 crore. The Ministry of Defence have explained the reasons for the variation in the Revenue Expenditure mainly on account of (i) slippages/non-materialisation of deliveries in respect of the finalised contracts and (ii) non-finalisation of some contracts due to inconclusive negotiations with the vendors on account of their insistence on their prices/terms and conditions. The Ministry of Defence have further specified that non-finalisation of certain other contracts for repair/overhaul of different types of Airframes and Engines and aggregates, contracts for supply of spares and other items for maintenance of Aircraft/engines and certain other systems used by Air Force and some ammunition items and other stores are some of the reasons for variations of Rs.700 crore between BE (2001-2002) & RE (2001-2002).

78. A similar trend is seen in the Capital Expenditure of the Air Force. As against the BE of Rs.7557.30 crore (voted) for 2001-2002, the RE was Rs-4946.48 crores which shows a major lapse of funds due to non-utilisation. The Ministry of Defence have justified the above by slating that the reduction in RE 2001-2002 is due to non-fructification of some major schemes like Advanced Jet Trainer (AJT), Air Borne Warning and Control Systems (AWACS), Additional Mi-17 Helicopters, MiG-29 upgrade, Low Level Transportable Radars (LLTRs), Integrated Air Command and Control System (IACCS), Surveillance Radar Element (SRE) etc. mainly on account of unreasonable stance adopted by some vendors and complex technical issues.

79. During evidence the Defence Secretary also admitted before the Committee that total surrender of funds is about Rs. 2000 crore for revenue and Rs. 3000 crore for capital and this was mainly on account of Air Force and ammunition.

80. The Committee are unhappy to note that the major modernisation schemes for the Air Force have not materialised during the year 2001-2002. The urgent requirement of the Indian Air Force which have been pending for a very long time especially the AJT, AWACS & LLTRs and also Integrated Air Command and Control System (IACCS) and Surveillance Radar Element (SRE) could not be made available to the IAF inspite of the funds allocated for the same during the year.

81. The Committee recommend that utmost importance should be given for the modernisation of the Indian Air Force or else technological obsolescence will badly affect not only the fighter aircraft fleet but also the air defence radar mechanisms and the overall spares availability for the whole fleet of aircraft. The Committee impress upon the Government to expedite all schemes for modernisation of the IAF at the earliest as air superiority plays a crucial role in modern warfare.

Loss of Aircraft & Pilots due to non-availability of the Advanced Jet Trainer (AJT)

82. The Ministry of Defence have stated that the Indian Air Force has lost 102 MiG-21 aircraft and 39 pilots in air accidents during the last ten years. An amount of Rs.311.99 crore has been lost in terms of the cost of the aircraft and Rs.353.34 crore as cost incurred in training of 39 pilots killed in these accidents.

83. Although the Ministry of Defence has initiated several measures to reduce aircraft accidents human error (Aircrew/Technical) accounts for a substantial percentage of accidents/incidents. 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. The Ministry of Defence have also stated that renewed thrust on acquiring simulators and the AJT is a step towards improving the quality of man behind the machine.

84. In a written reply to the question of acquisition of an 'Advanced Jet Trainer' the Ministry of Defence have stated that the Commercial negotiation with the short listed vendor have remained inconclusive and that it would not be possible to lay down a time limit for such a major procurement project, however, the Government is keen on early finalisation of the issue.

85. The Ministry of Defence have also stated that at present, stage-III or the operational conversion training is being carried out on the MiG-21 FL aircraft, which are now slated for depletion commencing this year. In case there is further delay in the procurement of the AJT, the IAF would be constrained to use the later vintage MiG-21 Bis aircraft, currently deployed in operational squadrons, for training. This would effectively reduce the available strength of squadrons for operational duties, which would have to be made up by induction of some fighter aircraft. Some schemes for induction of aircraft are in the pipeline.

86. The PAC in their 29th report on 'Aircraft Accidents in Indian Air Force' have pointed out that the unabated accidents involving fighter aircraft, MiG variants in particular underscore the urgent need for replacing the ageing fleet and the immediate induction of AJT.

87. The Committee again stress that the urgent requirements of the IAF particularly those pertaining to training should be taken up expeditiously to induce confidence in the operational flying units of the Indian Air Force. The acquisition of the AJT has been hanging for almost two decades. From the early 80s when a Special Committee on Flight Safety (SCFS) was constituted in August, 1982 under the Chairmanship of the then Air Marshal La Fontaine which emphasised the need for a suitable trainer and the Air Staff Target (AST) which was cast by the Air Headquarters in 1984, the Government has failed to acquire an Advanced Jet Trainer (AJT), till today.

88. The Committee apprehend if the AJT is not acquired and made available to the IAF for training, the IAF would have no other way but to use MiG-21 Bis for training purpose which will cause reduction in strength of MiG-21 Bis in operational duties. Although some schemes for induction of aircraft are in the pipeline, the non-availability of the AJT would affect the overall operational strength of the IAF.

89. The Committee, therefore, once again reiterate its recommendation that to avoid further accidents in the absence of AJT and also depletion of MiG-21 Bis in operational duties, the Government should finalise the acquisition of an AJT expeditiously and make it available to the Air Force on top priority basis. 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-21 Bis aircraft

90. The Ministry of Defence have stated that MiG-21 Bis aircraft is the final variant of MiG-21 series of aircraft, which was license manufactured at HAL, Nasik during the period 1977 to 1987. The aircraft entered service in 1978. The avionics and weapon systems of the aircraft was based on the technology of the 1960s. Therefore, it was decided to upgrade the aircraft with a modern radar, an accurate inertial navigation system and an electronic warfare suite to substantially enhance its combat capability. The CCPA sanctioned 626 Million US \$ for the upgrade of the aircraft in December, 1995. The contracts for the upgraded programme were signed in March, 1996 with the Russians as the prime contractor.

91. The design and development phase of the programme was concluded in December, 2000. Two fully upgraded aircraft have been received in HAL from Russia in December, 2000. The series production work at HAL has commenced in 2000 and the initial lot of aircraft have been upgraded.

92. The Ministry of Defence have further stated that the position is that series production of the aircraft has commenced and upgrade of all the aircraft is planned to be completed by 2004-2005. The present total technical life of MiG-21 Bis aircraft is 2685 hrs. and 30 years. Further extension will be granted based on tests being conducted at NAL, Bangalore. The aircraft are likely to be in service at least 10 years after upgradation. Work on further extension of life is in progress and likely to be completed soon.

93. The C&AG report on the Upgradation of the MiG-21 Bis has pointed out that the upgradation of the MiG-21 Bis aircraft scheduled to commence from August, 1998 was still in development stage despite an expenditure of Rs. 1053 crore. The life extension studies remained incomplete. Indigenous development and production of two avionic systems was delayed. As a result, Air Force continued to use ageing MiG-21 Bis in the present state having inherent high accident risk.

94. The Committee have been informed that 3 upgraded aircraft (including two prototype upgraded at Russia) have been delivered to IAF and two more are expected to be delivered by March, 2002. All 125 aircraft are planned to be upgraded during the next 4 years time *i.e.* by 2006.

95. The Committee note that the upgradation of MiG-21 Bis aircraft, a fleet prone to high accident rate, is not being executed at the desired speed. The C&AG has also critically evaluated the work done and the money spent on the project. The Committee feel that without adequate extension of life of the aircraft with modern systems, the programme of upgradation of MiG-21 Bis aircraft would remain financially unviable as the aircraft is likely to be in service for only 10 years after upgradation. The Committee, therefore, again reiterate their earlier recommendation made in the Fourteenth Report (13th Lok Sabha) that the Ministry of Defence should provide to the Committee the financial details of the upgradation of 125 MiG-21 Bis aircraft *vis-a-vis* cost of purchase of new aircraft with similar technology in the world market after thorough examination of all aspects.

Light Combat Aircraft (LCA) Programme

96. Regarding the LCA programme, the Ministry of Defence have stated that after the successful first block of 12 flights on technology demonstrator (TDI), the aircraft is now ready for the second block of flight tests in June, 2002. The flight testing of second technology demonstrator (TD2) is planned during March/April, 2002. Estimated time schedule to meet initial operational clearance is 2005/2006 and the final operational clearance is 2008. It is intended to induct the LCA into the Air Force as per their requirement.

97. India has had discussions with USA for purchase of limited number of GE 404 engines for fitment on the first squadron of LCA. The indigenous engine programme Kaveri, had some set-backs but is being continued vigorously and would be the ultimate power plant for the production version of LCA.

98. During evidence it was enquired how many GE 404 engines were being unported, to which the representative of the Ministry of Defence has stated that 20-25 engines are being imported, which means one squadron plus spares. The representative of the Ministry of Defence admitted before the Committee that LCA would enter squadron service by the end of the decade *i.e.* 2010. The Committee pointed out the huge escalation in the cost of the project and the time overruns and that the whole project had been hanging fire for the last two decades. The initial sanctioned cost of the project was to the tune of Rs. 550 crore and the total sanctioned for LCA including Phase I & II is Rs. 5490 crore. The Ministry of Defence stated that this will cover eight aircraft, one trainer, five prototypes and production facilities for eight aircrafts per year as per the present estimate. The estimated cost of the LCA without the engine would be approximately within 20 million dollars as specified by the Ministry of Defence.

99. The Ministry of Defence have also stated that the Kaveri engine as originally envisaged cannot go into LCA by 2003 and that it will now be available only by 2005.

100. The Committee emphasise that the likely date of completion of the LCA project might now be adhered to and further cost escalation be avoided. The major reasons for the further escalation in the cost of the project would be on account of the import of a large number of GE-404 engines from USA for the LCA. If the Kaveri engine is not developed within the specified time, the entire project would become economically unviable and the purpose of developing an indigenous multi-role aircraft would not be served. This would also hamper the modernisation of the fleet of ageing aircraft of the IAF which is fast facing depletion. The IAF would depend to a large extent on the induction of LCA by 2010 to keep up the sufficient Squadron strength of the IAF. The Committee also recommend that work on the Kaveri engine, the powerplant of the LCA, be expedited to overcome all technological difficulties and make it operative as soon as possible.

The Committee also reiterate that the LCA project should be re-evaluated after the first prototype stage in terms of the cost of the project, time taken for development and the requirements of the users *i.e.* IAF.

Modernisation of Defence PSUs and Ordnance Factories

(i) Modernisation of Defence PSUs

101. The Ministry of Defence have stated that there are eight Defence PSUs which are Government undertakings. During the financial year 2000-2001, the sales of the PSUs was around Rs. 8000 crore and all have been making profits for the last several years. In this financial year, Mazagon Docks made a loss. The modernisation of Defence PSUs is generally taken care of by their own profits and they are not funded by the budget of Ministry of Defence which is why the Budget Document does not provide for any funds for the modernisation or coverinff- these asoects of the PSUs.

102. The Ministry of Defence has stated in regard to the entry of the private sector into production of defence items, that the polic was finalised by the Government last year but the detailed modalities were clarified by a note of the Department of Industry in January thj year. There is an enabling provision for the private sector to come int defence production per cent with 100 per cent Indian participation sujet to licensing with possibility of Foreign Direct Investment (FDI) t 26 per cent. These are the modalities which have been specified. It ha also been stated that the application for license shall be considered b the Department of Industry along with the Department of Defenc, Ministry of Defence. The Ministry of Defence has received only on application from a private company in the last three months which has been cleared.

103. The Committee hope that with the Government's policy of 26 per cent FDI for the entry of the private sector for defence production, foreign technology would be ushered into the Defence Production Sector. As the policy of the Government in respect of FDI is in the infant stage, the Committee hope that with th encouragement from the Government, the involvement of prival sector will help in saving both financial resources and manpower c the Government and at the same time bring about technological. advancements at a faster speed in the production of items an equipments presently being manufactured by Defence PSUs/Ordnant Factories.

(ii) Modernisation of Ordnance Factories

104. The Ministry of Defence have stated that earlier the modernisation of the Ordnance Factories was based on the projection of specific items of weapon and ammunition indicated by the Armed Forces. But subsequently, a need was felt that instead of looking forward to specific projects based on specific requirements from the Armed Forces, the plant and machinery which have become outdate in technology, life and accuracy, should be continuously upgrade through renewal and replacement of plant & machinery with the objectives of (a) Technology upgradation, (b) Improved productivity and greater flexibility, (c) Improved quality standards, (d) Reduction in cost, (e) Manpower optimisation, and (f) Minimising response time for changing over of product mix

105. Based on the close interaction taking place on continuous basis with the Armed Forces and DRDO, OFB have prepared a Modernisation Plan to cater for the need of both existing and new products to be inducted into the services upto Xth Plan Period.

106. As per the modernisation plan an amount of Rs-736 crore had been spent till 2000-2001 and Rs.321 crore has been planned for procurement of plant and machinery in 2001-2002. As such total investment estimated to be made during IXth Plan Period is Rs.1057crore. Further an investment of Rs.1786 crore has been planned towards procurement of plant and machinery during Xth Plan Period.

107. The modernisation of equipment and production processes and management technique is an ongoing exercise in Ordnance Factories aimed at (i) economising the cost of the product, (ii) reducing rejection and (iii) improving productivity. The production processes are continuously reviewed and modified with the above aim. The equipments and the process lay out are concurrently modified to take care of changed production process. The benefit of the continuous modernisation in this field has resulted in higher turnover, better productivity and reduction in price of the products.

108. An amount of Rs.1050 crore was spent on modernisation of the Ordnance Factories and in the forthcoming plan the provision is Rs-1700 crore.

109. The representative of the Ministry of Defence explained before the Committee :

"Once again if you look at the financial results, the Ordnance Factories has traditionally been an organisation dependent on Government support. In 1997-98 Government outflow into Ordnance Factories was Rs.690 crore, it was what is called net deficit organisation. In 1999-2000 the Ordnance Factories contributed Rs.830 crore to the Consolidated Fund of India which is in two years, the turn around was Rs-1500 crore from a minus Rs.700 crore to a plus Rs.500 crore. As a result of this, also because of modernisation, we have been reducing the cost for the last three years. In the last financial year, we have reduced on a weighted average position, the cost of our supplies to Army by three per cent which would be in supply of around Rs.300 crore compared to the previous year, our weighted average cost has been reduced by three per cent".

110. The Committee are of the view that because of the modernisation, the Ordnance Factories have started shifting their role as an Organisation and are making some profits and also providing supplies to the Army at lower cost, and hence depending financially less on the Government. The Committee hope that modernisation of Ordnance Factories will remain a continuous process and pursued vigorously in the Tenth Plan also for which sufficient budgetary provision has been made.

Capital outlay on Defence Services

111. As seen from the table given below a large amount of the Capital Budget to the tune of Rs. 3000 crore remained unspent and an additional amount over and above the BE 2001-2002 has been asked for in the Budget Estimates for the year 2002-2003.

(Rs. in crore)

Demand No. 21	BE 2001-2002	RE 2001-2002	BE 2002-2003
Capital Outlay on Defence Services (Total)	19958.52	16956.63	21410.63

112. The Ministry of Defence have specified that major projects/schemes which have not materialised during the 2001-2002 include AJT, AWACS, Additional Mi-17 Helicopters, MiG-29 upgrade, LLTRs, IACCS and SRE in respect for the Air Force, WLR and T-72 upgrade in respect for the Army. The increased provision in BE 2002-2003 is to cater for schemes carried forward from the previous financial year as well as various projects/schemes of acquisition of weapon systems and platforms, upgradation, acquisition of surveillance & communication systems. The Ministry of Defence have also stated that in order to fully utilise the allocated amount, the progress of various procurement proposals is kept under constant review and follow up action as necessary is taken. A new procurement organisation has also been established to deal with acquisition on capital account for the Defence Services.

113. The Committee express its serious concern over the non-utilisation of funds to the tune of Rs. 3000 crore (approx.) kept in the capital account which is an indication of the slackness in modernisation process. Although the Committee have recommended for a non-lapsable fund for defence, at the same time the Committee hope that the Ministry of Defence will not use this provision of non-lapsable fund as a pretext for sitting on the modernisation and acquisition proposals of the three services and would make all efforts to acquire the vital equipments in scheduled time limits. The Committee also feel the urgent need for acquisition of sophisticated state-of-the-art equipment for the Air Force as a large amount of funds have been surrendered in the capital account of the head pertaining to IAF.

114. The Committee now hope that the new procurement structures as established in the Ministry of Defence will initiate action and speed up the procurement procedure so that such a situation might not arise next year and no funds are surrendered to the Government.

NEW DELHI;
17 April, 2002
27 Chaitra, 1924 (Saka)

MADAN LAL KHURANA
Chairman
Standing Committee on Defence

ANNEXURE-I
(Please see Para 16)

ARMY

Minor Head	(Rs. in crores)	
	R.E. 2001-2002	B.E. 2002-2003
1	2	3
Revenue		
101-P&A-Army	10984.01	11112.41
103-P&A-Aux. Forces	147.06	152.05
104-P&A-Civilians	1227.27	1276.37
105-Transportation	1132.06	949.27
106-Military Farms	156.37	160.37
110-Stores	10138.35	10834.15
111-Works	2007.82	2061.74
112-Rashtriya Rifles	832.10	870.40
113-National Cadet Corps	269.10	289.76
800-Other Expenditure	595.10	609.56
Total Gross	27489.24	28316.08
Receipts/Recoveries	680.00	725.00
Total Net	26809.24	27591.08
Capital		
Land	22.50	22.50
Works	516.36	812.30

1	2	3
Aircraft	411.57	429.50
Vehicles	481.79	210.30
Other Equipments	4559.37	5910.20
Military Farms	6.00	6.00
Rolling Stocks	187.41	23.67
Rashtriya Rifles	0.00	0.00
National Cadet Corps	2.10	5.65
Stock Suspense	0.00	0.00
Other Expenditure	0.00	0.00
Total Capital	6187.10	7420.12
Total Revenue/Capital	32996.34	35011.20

ANNEXURE-II
(Please see Para 16)

NAVY

(Rs. in crores)

Minor Head	R.E. 2001-2002	B.E. 2002-2003
<i>(Rs. in crores)</i>		
Revenue		
101-P&A-Navy	745.02	758.91
102-P&A-Reservists	0.00	0.00
104-P&A-Civilians	548.64	561.36
105-Transportation	110.00	107.71
110-Stores	1469.32	1850.00
111-Works	356.50	371.09
800-Other Expenditure	728.56	831.75
112-Joint Staff		169.09
Total Gross	3958.04	4649.91
Receipts/Recoveries	94.60	96.19
Total Net	3863.44	4553.72
Capital		
Land	11.87	26.90
Works	124.39	127.32
Aircraft	1046.57	1091.69
Vehicles	13.70	12.57
Other Equipments	931.33	1185.46
Fleet	2280.87	2473.79
Dockyards	423.88	400.57
Capital Recovery	0.00	0.00
Net Capital	4832.61	5318.30
Total Revenue/Capital	8696.05	9872.02

ANNEXURE-III
(Please see Para 16)

AIR FORCE

Minor Head	(Rs. in crores)	
	R.E. 2001-2002	B.E. 2002-2003
Revenue		
101-P&A-Air Force	1733.98	1798.55
104-P&A-Civilians	277.51	283.68
105-Transportation	171.00	183.60
110-Stores	4325.00	5400.00
111-Works	600.00	625.00
200-Special Projects	9.56	10.06
800-Other Expenditure	110.00	126.28
Total Gross	7227.05	8427.17
Receipts/Recoveries	210.37	240.13
Total Net	7016.68	8187.04
Capital		
Land	6.96	7.83
Works	200.00	250.00
Aircraft	3051.41	5408.72
Vehicles	0.00	0.00
Other Equipments	1658.19	1735.62
Special Projects	35.06	99.84
Total Capital	4951.62	7502.01
Total Revenue/Capital	11968.30	15689.05

ANNEXURE-IV
(Please see Para 16)

DGPF

(Rs. in crores)

Minor Head	R.E. 2001-2002	B.E. 2002-2003
1	2	3
Revenue		
001-Direction & Admn.	41.00	44.50
004-Research	8.50	14.00
052-Mach. & Equipments	12.10	15.00
054-Manufacture	1830.50	2030.85
105-Transportation	55.00	79.00
110-Stores	3022.74	3818.86
111-Works	52.80	73.00
106-Renewal & Replacement	300.00	300.00
797-Transformer to R/R Fund	255.00	350.00
800-Other Expenditure	508.30	600.30
Supplies to Services	(-) 5468.41	(-) 6029.61
Total Gross	617.53	1295.90
Receipts/Recoveries	1066.86	1138.14
Total Net	(-) 449.33	157.76

1	2	3
Capital		
Mach. & Eqpt.	18.00	104.54
Works	65.20	95.20
Suspense	16.00	(-) 4.50
Total Capital	99.20	195.24
Total Revenue/Capital	(-) 350.13	353.00
Supplies to Services		
Army	5058.20	5646.70
Navy	74.18	74.44
Air Force	184.71	192.30
Other	151.32	116.17
Total	5468.41	6029.61

ANNEXURE-V
(Please see Para 16)

R & D

(Rs. in crores)

Minor Head	R.E. 2001-2002	B.E. 2002-2003
Revenue		
1. Pay & Allowances	479.77	502.08
2. Miscellaneous	34.44	37.77
3. Transportation	31.20	35.27
4. Grant of Fellowships	2.20	2.20
5. Grants-in-Aid	230.25	407.50
6. Training of Personnel	0.22	3.72
7. Stores	1492.52	1529.15
8. Works	177.95	182.48
9. Educational Facilities	6.20	6.50
10. Amenity Grants	0.21	0.21
11. Departmental Canteens	0.05	0.05
Total Gross	2455.01	2706.93
Receipts/Recoveries	10.00	10.00
Total Net	2445.01	2696.93
Capital	878.03	958.96
Total Revenue/Capital	3323.04	3655.89

ANNEXURE-VI
(Please see Para 16)

DGQA

(Rs. in crores)

Minor Head	R.E. 2001-2002	B.E. 2002-2003
Revenue		
1. Pay & Allowances	227.14	249.99
2. Miscellaneous	8.50	16.74
3. Transportation	7.17	7.20
4. Stores	100.47	110.00
5. Works	23.00	24.15
6. Departmental Canteens	0.05	0.06
7. Information Tech.	2.50	5.20
Total Gross	368.83	413.34
Receipts/Recoveries	10.50	10.50
Total Net	358.33	402.84
Total Capital	8.07	16.00
Total Revenue/Capital	366.40	418.84

ANNEXURE-VII
(Please see Para 16)

MINISTRY OF DEFENCE

(Rs. in crores)

Minor Head	R.E. 2001-2002	B.E. 2002-2003
1	2	3
Revenue Section		
1. Coast Guard Organisation	0.00	273.60
2. Sectt. General Services		
(i) Deptt. of Defence	31.96	33.90
(ii) Deptt. of Defence Production & Supplies	5.21	5.58
(iii) Deptt. of Defence Research and Development	0.39	0.42
(iv) Defence Accounts Department	380.15	399.25
(v) Defence Estate Organisation	42.31	44.58
Total Sectt. General Services	460.02	483.73
3. Canteen Stores Department	3546.76	3897.48
4. Maintenance—DAD Office Buildings	4.61	5.26
5. Maintenance—DEO Office Buildings	0.50	0.50
6. Maintenance-DAD Housing	6.22	7.09
7. Army Purchase Organisation	1.34	1.45
8. Subsidy in lieu of interest - MDL	—	—

1	2	3
9. Grant for V.R.S. to		
(a) Bharat Earth Movers Ltd. (BEML)	—	3.27
(b) Mazagaon Dock Ltd.	1.74	1.14
(c) Midhani	—	0.14
Total Revenue Section	4021.19	4673.66
Less Receipts Generated by CSD (-)	3726.86	(-) 4099.49
Net Revenue Budget	294.33	574.17
Capital Revenue		
1. Acquisition — Coast Guard Organisation	0.00	296.40
2. Construction — DAD Offices	4.17	7.10
3. Construction — DEO Offices	3.00	4.00
4. Construction — CSD Offices	8.50	15.00
5. Construction — DAD Housing	6.53	7.71
6. Construction — DEO Housing	1.65	2.00
7. Construction — CSD Housing	1.75	2.30
8. Miscellaneous	2.01	2.26
Total Capital Section	27.61	336.77

ANNEXURE VIII
(Please see Para 11)

DEFENCE PENSION

(Rs. in Crores)

Minor Head	R.E. 2001-2002	B.E. 2002-2003
Pension & Other Retirement Benefits		
Army	9690.28	9860.13
Navy	251.57	267.11
Air Force	546.38	572.98
Total	10488.23	10700.22

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE
ON DEFENCE (2002) TO TAKE ORAL EVIDENCE OF THE
REPRESENTATIVES OF THE MINISTRY OF DEFENCE ON
DEMANDS FOR GRANTS OF THE MINISTRY OF
DEFENCE FOR THE YEAR 2002-2003

The Committee sat on Tuesday, the 2 April, 2002 from 1100 hrs. to 1320 hrs and 1400 hrs. to 1710 hrs. in Committee Room No. 53, Parliament House, New Delhi.

PRESENT

Shri Madan Lal Khurana — *Chairman*

MEMBERS

Lok Sabha

2. Shri S. Ajaya Kumar
3. Shri S. Bangarappa
4. Col. (Retd.) Sona Ram Choudhary
5. Smt. Sangeeta Kumari Singh Deo
6. Shri K.P. Singh Deo
7. Shri K. Francis George
8. Shri Raghuvir Singh Kaushal
9. Shri Mansoor Ali Khan
10. Shri Vinod Khanna
11. Shri K.E. Krishnamurthy
12. Shri P.R. Kyndiah
13. Shri Hannan MoUah
14. Shri Shivraj V. Patil
15. Shri Mudragada Padmanabham
16. Prof. Rasa Singh Rawat
17. Dr. Col. (Retd.) Dhani Ram Shandil
18. Kunwar Akhilesh Singh
19. Dr. Raghuvansh Prasad Singh
20. Shri C. Sreenivasan
21. Dr. Jaswant Singh Yadav
22. Dr. (Smt.) Sudha Yadav

Rajya Sabha

23. Shri R.K. Anand
24. Shri Suresh Kalmadi
25. Shri Narendra Mohan
26. Dr. Mahesh Chandra Sharma
27. Shri Birabhadra Singh
28. Shri Hiphei
29. Dr. Raja Ramanna
30. Dr. V. Maitreyan

Secretariat

1. Shri P.D.T. Achary - Additional Secretary
2. Shri Ram Autar Ram - Joint Secretary
3. Shri K.D. Muley - Under Secretary

REPRESENTATIVES OF MINISTRY OF DEFENCE
MINISTRY OF DEFENCE

1. Shri Yogendra Narain Defence Secretary
2. Shri Subir Dutta Secretary(DP&S)
3. Dr. V.K. Aatre Secretary (R&D)
4. Shri M. Kumaraswami Secretary(Defence Finance)
5. Shri Ajai Vikram Singh Special Secretary (Acquisition)
6. Dr. K.G. Narayanan Chief Adviser
7. Ms. Somi Tandon Addl. Secretary (T)
8. Shri Ajay Prasad Addl. Secretary (P)
9. Shri Dharendra Singh Addl. Secretary (DP&S)
10. Shri Jnan Prakash FA (Acq. Wing)
11. Lt. Gen. M.K. Chari DGQA
12. Shri D.K. Dutta DGOF
13. Shri N.R. Mohanty Chairman, HAL
14. Shri K.G. Goel JS(ESW)
15. Shri Ranjit Issar JS (O/N)
16. Shri R.P. Bagai JS(E)
17. Shri P.K. Misra JS(PK)
18. Shri Arvind Joshi JS(AJ)
19. Shri A.P. Sharma JS(AP)
20. Shri K.P. Singh JS(SY)
21. Shri R.P. Singh JS(OF)
22. Shri Rakesh Srivastava JS(HAL)

23.	Lt. Gen. Tej Paul	CCR&D(R)
24.	Shri M.K. Datta	DBFA
25.	Ms. V.K. Gupta	Addl. FA (V)
26.	Shri A.K. Chopra	Addl. FA (A)
27.	Shri Tarsem Lal	Addl. FA (T)
28.	Ms. Depali Khanna	Addl. FA (K)
29.	Shri Abhijit Basu	Addl. FA (B)
30.	Shri Sunil Verma	Addl. FA (S)

Armed Forces Headquarters

Army

31.	Lt. Gen. A.S. Khanna	PVSM, AVSM Vir C, DCOAS(P&S)
32.	Lt. Gen. S.J.S. Saighal	PVSM, VM, VSM – MGO
33.	Maj. Gen. V.K. Chopra	VSM, ADG (FP)
34.	Maj. Gen. C.S. Brar	AVSM, ADG (WE)

Air Force

35.	Air Mshl. B.M. Bali	AVSM, VM – IG (Safety)
36.	AVM S.K. Jain	ACAS (Ops. C&D)

Navy

37.	R. Adm. Ajit Tiwari	AVSM, NM – ACNS
38.	Cpt. Gaikwad	DNP

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 (2002-2003) of the Ministry of Defence and also written replies furnished by the Ministry to the List of Points.

4. Hon'ble Chairman desired that a presentation on Light Combat Aircraft (LCA), Defence PSUs and Ordnance Factories may be made.

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

6. A verbatim record of the proceedings was kept.

7. The Committee decided to take further evidence of the representatives of the Ministry of Defence on the Demands for Grants (2002-2003) of the Ministry of Defence on 3 April, 2002.

The Committee then adjourned.

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE
ON DEFENCE (2002) TO TAKE ORAL EVIDENCE OF THE
REPRESENTATIVES OF THE MINISTRY OF DEFENCE ON
DEMANDS FOR GRANTS OF THE MINISTRY OF
DEFENCE FOR THE YEAR 2002-2003

The Committee sat on Wednesday, the 3 April, 2002 from 1100 hrs. to 1330 hrs.
and 1415 hrs. to 1545 hrs. in Committee Room No. 53, Parliament House, New Delhi.

PRESENT

Shri Madan Lal Khurana — *Chairman*

MEMBERS

Lok Sabha

2. Shri S. Bangarappa
3. Col. (Retd.) Sona Ram Choudhary
4. Smt. Sangeeta Kumari Singh Deo
5. Shri K.P. Singh Deo
6. Shri K. Francis George
7. Shri Chandrakant Khaire
8. Shri Hassan Khan
9. Shri Mansoor Ali Khan
10. Shri Hannan MoUah
11. Shri Shivraj V. Patil
12. Prof. Rasa Singh Rawat
13. Dr. Col. (Retd.) Dhani Ram Shandil
14. Kunwar Akhilesh Singh
15. Dr. Raghuvansh Prasad Singh
16. Dr. Jaswant Singh Yadav
17. Dr. (Smt.) Sudha Yadav

Rajya Sabha

18. Shri R.K. Anand
19. Shri Nilotpal Basu
20. Shri Suresh Kalmadi
21. Shri Narendra Mohan
22. Dr. Mahesh Chandra Sharma
23. Shri Birabhadra Singh
24. Shri Hiphei
25. Dr. Raja Ramanna
26. Dr. V. Maitreyan

SECRETARIAT

1. Shri P.D.T. Achary — *Additional Secretary*
2. Shri Ram Autar Rain — *Joint Secretary*
3. Shri K.D. Muley — *Under Secretary*

REPRESENTATIVES OP MINISTRY OF DEFENCE

Ministry of Defence

- | | | |
|-----|------------------------|---------------------------------|
| 1. | Shri Yogendra Narain | Defence Secretary |
| 2. | Shri Subir Dutta | Secretary(DP&S) |
| 3. | Dr. V.K. Aatre | Secretary (R&D) |
| 4. | Shri M. Kumaraswami | Secretary(Defence Finance) |
| 5. | Shri Ajai Vikram Singh | Special Secretary (Acquisition) |
| 6. | Dr. K.G. Narayanan | Chief Adviser |
| 7. | Ms. Somi Tandon | Addl. Secretary (T) |
| 8. | Shri Ajay Prasad | Addl. Secretary (P) |
| 9. | Shri Dhirendra Singh | Addl. Secretary (DP&S) |
| 10. | Lt. Gen. M.K. Chari | DGQA |
| 11. | Shri D.K. Dutta | DGOF |
| 12. | Shri N.R. Mohanty | Chairman, HAL |
| 13. | Shri K.G. Goel | JS(ESW) |
| 14. | Shri Ranjit Issar | JS (O/N) |
| 15. | Shri R.P. Bagai | JS(E) |
| 16. | Shri P.K. Misra | JS(PK) |
| 17. | Shri A.P. Sharma | JS(AP) |
| 18. | Shri K.P. Singh | JS(SY) |
| 19. | Shri Rakesh Srivastava | JS(HAL) |
| 20. | Lt. Gen. Tej Paul | CCR&D(R) |
| 21. | Ms. V.K. Gupta | Addl. FA (V) |
| 22. | Shri A.K. Chopra | Addl. FA (A) |
| 23. | Shri Tarsem Lal | Addl. FA (T) |
| 24. | Ms. Depali Khanna | Addl. FA (K) |
| 25. | Shri Sunil Verma | Addl. FA (S) |

Armed Forces Headquarters

Army

- | | | |
|-----|-------------------------|------------------------------|
| 26. | Lt. Gen. A.S. Khanna | PVSM, AVSM Vir C, DCOAS(P&S) |
| 27. | Lt. Gen. S.J.S. Saighal | PVSM, VM, VSM – MGO |
| 28. | Maj. Gen. V.K. Chopra | VSM, ADG (FP) |

Air Force

- | | | |
|-----|---------------------|------------------------|
| 29. | Air Mshl. B.M. Bali | AVSM, VM – IG (Safety) |
| 30. | AVM S.K. Jain | ACAS (Ops. C&D) |

Navy

- | | | |
|-----|---------------------|-----------------|
| 31. | R. Adm. Ajit Tiwari | AVSM, NM – ACNS |
| 32. | Cpt. Gaikwad | DNP |

2. The Committee resumed evidence of the representatives of the Ministry of Defence on the various points arising out of the Demands for Grants (2002-2003) of the Ministry of Defence.

The representatives of the Ministry explained and elaborated on the queries from the Members. The evidence was concluded.

3. A verbatim record of the proceedings was kept.

(The witnesses then withdrew.)

The Committee then adjourned.

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE
ON DEFENCE (2002) TO CONSIDER AND ADOPT THE DRAFT
SIXTEENTH REPORT ON DEMANDS FOR GRANTS OF THE
MINISTRY OF DEFENCE FOR THE YEAR 2002-2003

The Committee sat on Wednesday, the 17 April, 2002 from 1500 hrs. to 1630 hrs.
in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Madan Lal Khurana—*Chairman*

MEMBERS

Lok Sabha

2. Col. (Retd.) Sona Ram Choudhary
3. Smt. Sangeeta Kumari Singh Deo
4. Shri K.P. Singh Deo
5. Shri K. Francis George
6. Shri Chandrakant Khaire
7. Shri Hassan Khan
8. Shri Mansoor Ali Khan
9. Shri Vinod Khanna
10. Shri Hannan MoUah
11. Shri Shivraj V. Patil
12. Shri Raju Rana
13. Prof. Rasa Singh Rawat
14. Shri A.P. Jithender Reddy
15. Dr. Col. (Retd.) Dhani Ram Shandil
16. Kunwar Akhilesh Singh
17. Shri C. Sreenivasan

Rajya Sabha

18. Shri T.N. Chaturvedi
19. Shri Shanker Roy Chowdhury
20. Shri Suresh Kahnadi
21. Shri Hiphei
22. Dr. Raja Ramaima
23. Dr. V. Maitreyan
24. Shri B.S. Ganandesikan

SECRETARIAT

1. Shri P.D.T. Achary — Additional Secretary
2. Shri Krishan Lal - Director

2. ** ** ** **
3. ** **` ** **
4. ** ** ** **
5. ** ** ** **

6. The Committee then considered the draft Sixteenth Report on Demands for Grants of the Ministry of Defence for the year 2002-2003. The Chairman invited Members to offer their suggestions for incorporation in the Draft Report.

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

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

The Committee then adjourned.