

STANDING COMMITTEE ON DEFENCE  
(2002)

(THIRTEENTH LOK SABHA)

EIGHTEENTH REPORT

MINISTRY OF DEFENCE

[Action Taken by the Government on the Recommendations contained in the 16<sup>th</sup> Report of the Committee (Thirteenth Lok Sabha) on the Demands for Grants of the Ministry of Defence for the year 2002-2003]

*Presented to Lok Sabha on 17, December 2002*  
*Laid in Rajya Sabha on 17, December 2002*



LOK SABHA SECRETARIAT  
NEW DELHI

December, 2002/Agrahavana, 1924 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2002)

Shri Madan Lal Khurana — *Chairman*

MEMBERS

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2. Shri S. Ajaya Kumar
  3. Shri S. Bangarappa
  4. Shri S.K. Bwiswmuthiary
  5. Col. (Retd.) Sona Ram Choudbary
  6. Smt. Sangeeta Kumari Singh Deo
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  18. Shri Mudragada Padmanabham
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  27. Dr. Jaswant Singh Yadav
  28. Dr. (Smt.) Sudha Yadav
  29. Shri Ram Vilas Paswan
  30. Shri Tribhuwan Dutt
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(iv)

*Rajya Sabha*

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33. Gen. (Retd.) Shankar Roy Chowdhury
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39. Shri Eduardo Faleiro
40. Dr. Akhtar Hasan Rizvi
41. Smt. N.P. Durga
42. Shri Ekanath K. Thakur
43. Shri Devdas Apte

SECRETARIAT

1. Shri P.D.T. Achary — Additional Secretary
2. Shri S.C. Rastogi — 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 Eighteenth Report on Action Taken by the Government on the recommendations contained in the Sixteenth Report of the Committee (Thirteenth Lok Sabha) on the Demands for Grants of the Ministry of Defence for the year 2002-2003.

2. The Sixteenth Report was presented to Lok Sabha on 23 April, 2002 and laid on the Table of Rajya Sabha on 24 April, 2002. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 23rd August, 2002 (English version) and on 16th October, 2002 (Hindi version). The Draft Report was considered and adopted by the Standing Committee on Defence (2002) at their sitting held on 9th Dec. 2002.

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

4. 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;  
9 December, 2002  
18 Agrahayana, 1924 (Saka)

MADAN LAL KHURANA,  
*Chairman,*  
*Standing Committee on Defence.*

## CHAPTER I

### REPORT

The Report of the Standing Committee on Defence deals with action taken by the Government on the recommendations/observations contained in their Sixteenth Report (Thirteenth Lok Sabha) on the Demands for Grants of Ministry of Defence for the year 2002-2003 which was presented to Lok Sabha on 23 April, 2002 and laid on the Table of Rajya Sabha on 24 April, 2002.

2. In the Sixteenth Report (Thirteenth Lok Sabha), the Committee had made observations/recommendations on the following 25 topics:

<b>Sl. No.</b>	<b>Para No.</b>	<b>Subject</b>
<b>1</b>	<b>2</b>	<b>3</b>
1.	26	Defence Expenditure
2.	27	Delay in Procurement of Defence Systems
3.	29	Procurement of Defence Equipment
4.	34&35	Ex-Servicemen
5.	36	-do-
6.	42	Fire in Ammunition & Ordnance Depots
7.	43	-do-
8.	50	Night Vision Devices & Thermal Imaging Systems
9.	56	Weapon Locating Radar
10.	59	Ballistic Missile Defences
11.	61	Private Sector Participation in DRDO Projects
12.	62	-do-
13.	65	Vacancies in DRDO
14.	67	Goa Shipyard Limited
15.	72&73	Delay in Submarine Manufacturing
16.	76	Deep Submergence Rescue Vessels
17.	80	Modernisation of IAF
18.	81	-do-
19.	87-89	Advanced Jet Trainer
20.	95	Upgradation of MiG-21 Bis
21.	100	LCA Project
22.	103	FDI in PSUs
23.	110	Modernisation of Ordnance Factories
24.	113	Non-utilisation of funds in the Capital Account
25.	114	Defence Procurement Procedures

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

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

SI. No. 1-3, 6-14, 17, 18, 20, 22-25.

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

Nil

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

SI. No. 4, 5, 15, 16, 19 & 21

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

Nil

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

### **Procurement of Defence Material**

#### **Recommendation (SI. No. 3, Para No. 29)**

5. The Committee had noted that the procurement procedure of defence equipment was time consuming, tedious and complicated. The allocated fund remain unspent due to this. Moreover, the Committee had serious apprehension that the Ministry of Defence would not be able to draw fresh defence allocation from the Ministry of Finance, in addition to the unspent fund that had to be carried forward to the next defence budget under the proposed 'Non-Lapsable Fund (NLF)'. The Committee, therefore, recommended 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 were of crucial importance for the Defence of the country. The Committee further recommended that the defence allocation each year should be so designed by the Ministry of Defence that no funds remain unspent.

The Committee also stressed that the Ministry of Defence should not depend on non-lapsable fund or re-appropriation of unspent funds but should strive to utilise the funds, being allocated each year for procurement and modernisation process to the maximum.

6. The Ministry of Defence have replied that in order to fully utilise the allocated amount, the progress of Defence expenditure and status of various procurement processes are kept under constant review and follow up action, as necessary, is taken. However, the Defence Procurement Board constituted recently in the Ministry is in the process of revising the procurement procedure with a view to synergise efforts involved in procurement and to speed up the decision making process in the procurement on Capital Account. The new procedure is expected to simplify the existing procedure and remove some of the bottlenecks so as to speed up the procurement process. A proposal for setting up of a 'Non-lapsable Fund' has also been referred to the 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.

7. Moreover, all efforts are being made to adhere to the time frame for finalisation of the schemes and to ensure that the funds allotted during the Financial year 2002-2003 are fully utilised for the purchase of New Weapon Systems, Induction of Technologies and Modernisation/Upgradation of the existing systems so that no funds are surrendered during the current financial year.

**8. The Committee are happy to note that the procurement procedure is in the process of revision and hope that the revised procurement procedure should be finalized soon within a given time frame and implemented by the Ministry in letter and spirit. The Committee also note that the proposal for setting up a 'non-lapsable fund' has been taken up by the Ministry of Defence with the Ministry of Finance. The Committee hope that the issue of setting up a 'Non-Lapsable Fund' for Defence Procurement would be finalized soon in the overall interest of the country. The Committee however, recommend that the Government should take steps to adhere to the time frame laid down for finalisation of the schemes and should ensure that the funds allotted during the financial year 2002-2003 are fully utilised for the purchase of New Weapon Systems, Induction of Technologies and Modernisation/Upgradation of the existing systems during the current financial year itself so that the question of surrender of funds does not arise.**

## **Ex-Servicemen**

### **Recommendations (SI. Nos. 4&5, Para Nos. 34, 35 & 36)**

9. The Committee had recommended 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 would make the new recruitment in the armed forces more attractive as a career and would keep the army young.



10. The Ministry of Defence in their action taken reply have stated that the Kargil Review Committee (KRC) had recommended that 'the Army must be young & fit at all times'. The KRC Report was debated and deliberated over a prolonged period by the Inter-Ministerial Group established under the Chairmanship of Special Secretary (ISP) MHA who in turn submitted the report to the Group of Ministers (GOM) established under the Home Minister.

11. The GOM recommended reduction in colour service of the Armed Forces and their lateral entry into the organisations in their report of 'Reforming the National Security System' with the primary aim of keeping a young profile of the Army in a peak combat effective state capable of meeting the challenges of future conflict. Based on the recommendations of the GOM report an Apex Committee consisting of Cabinet Secretary, COAS, Defence Secretary, Home Secretary and Secretary expenditure was constituted to look into the terms of engagement of soldier and lateral entry into other organisations. In addition, a Working Group under the Chairmanship of the Adjutant General was constituted to carry out a detailed study of various issues and work out modalities for lateral transfer. The Working Group has recommended Long Term and Short Term lateral transfer of Army Personnel to Central Paramilitary Forces. The Study Report of the Working Group has since been submitted.

12. The Committee had also recommended 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-linked rank cum service conditions of retirement, which are not applicable to any other civil department of Government. The Committee further recommended 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.

13. The Ministry of Defence in their action taken reply have stated that the various ex-Servicemen associations have been raising the demand for grant of one rank one pension to the Armed Forces pensioners. This demand has been considered by 4th and 5th Central Pay Commissions and both the Commissions did not find the demand reasonable and acceptable. In order to bridge the differences between the pension of pensioners who retired/discharged before 1.1.96 the 5<sup>th</sup> Central Pay Commission recommended that the pension of pre 1.1.96 pensioners be consolidated according to the prescribed formula and if the consolidated pension is less than the pension admissible on the minimum of the scale of pay revised with effect from 1.1.96, then the consolidated pension be raised to that level. In acceptance of the recommendation of the Commission, Government have issued necessary orders. This has considerably reduced the difference in the pension of pre 1.1.96 pensioners and post 1.1.96 pensioners. The demand for

granting one rank one pension has not been found acceptable due to various administrative and financial constraints. The acceptance of demand of one rank one pension for Armed Forces pensioners will give rise to similar demand by other Central/State Government employees and will involve huge financial implications, which our economy can hardly sustain. Improvement in pension structure of employees is a continuous process and there has been substantial increase in the pensions from time to time and specially with effect from 1.1.96 after the recommendations of the 5th Central Pay Commission were implemented.

14. On the recommendation of the Committee regarding medical cover to Ex-servicemen and their dependents, the Ministry of Defence in their action taken reply have stated that the ex-Servicemen/wife/widow drawing pension of any kind are entitled to free out-patient treatment in 127 Military Hospitals (109 Army, II Air Force and 7 Navy Hospitals) and over 1,000 Medical Inspection Rooms (including 24 MI Rooms and 12 Dental Centres exclusively meant for ex-Servicemen) in terms of provisions of the Regulations for the Medical Services for the Armed Forces 1983 (RMSAF-1983). Ex-Servicemen are provided in-patient treatment in Military Hospitals subject to the availability of the beds. These facilities can be availed of only by those who live in proximity. Others, as recommended by the 5th Central Pay Commission, may opt to receive a fixed medical allowance of Rs. 100/- per month for meeting expenditure on day-to-day medical expenses. The scope of these concessions, however, does not include treatment of cancer, pulmonary tuberculosis, leprosy, mental disease, malignant disease or any other disease for which the treatment is not available from local Military sources.

15. In addition to this, financial assistance for specified diseases at specified rates is provided to ex-Servicemen and their dependents from Armed Forces Flag Day Fund and Raksha Mantri's Discretionary Fund. The Army Group Insurance (AGI) also introduced a medical insurance scheme to provide cover for treatment for heart, cancer, renal transplant, hip/knee joint replacement, prostrate surgery etc. in authorised hospitals and private nursing homes.

16. A proposal to provide comprehensive medicare to ex-Servicemen and their dependents is under active consideration.

17. The Committee appreciate the measures taken by the Ministry of Defence for lateral induction of retiring service personnel into Central Para Military Forces. The Committee, however, recommend lateral induction of serving/retiring personnel into other Government departments and Public Sector Undertakings. On the issue of providing one rank one pension to ex-Servicemen prospectively, the Committee feel that even after repeated recommendations made by the Committee, the Government have not taken any positive decision in the matter of implementation so far. The reasons advanced by the Government that this would give rise to a similar demand by other Central/State Government employees and will involve huge financial implications is not acceptable to the Committee. This reasoning does not appreciate the vast difference in service

conditions between the two categories as also the socio-economic problems caused by various factors like frequent transfers, serving in inhospitable terrain like high altitude, difficult conditions and disturbed marital life. The Committee, therefore, re-emphasise and reiterate their recommendation and urge the Government to explore every possibility to meet this demand of ex-Servicemen within a fixed time frame.

18. The Committee note that the Ministry have not taken any concrete measures on the issue of providing full medical cover and medicare to the ex-Servicemen and their dependents similar to Railways. The Committee, therefore, again recommend that the Government must provide the full medical facilities through Military Hospitals or in Private Hospitals/Nursing Homes through suitable medical insurance policies. The Ministry of Defence should also chalk out a comprehensive scheme to obviate difficulties being faced by the retired service personnel and their family members because of inadequate and poor availability of medical facilities in Military hospitals and polyclinics.

### **Night Vision Devices and Thermal Imaging Systems**

#### **Recommendation (Sl.No. 8, Para No. 50)**

19. The Committee had noted that the Night Vision devices were being manufactured by the Bharat Electronics Limited (BEL) and some other factories in India the Committee therefore strongly recommended that the item which was urgently needed for the Armed Forces should be procured from these indigenous sources without further delay. This would help to promote indigenous companies and also save precious foreign exchange.

20. The Ministry of Defence in their action taken reply have stated that the Passive Night Vision Devices in various configurations have been introduced in the Army. All these sights require Image Intensifier Tubes (II Tubes) as their main component for which there is only one single source *i.e.* M/s BE-DELFT, Pune, a joint venture company between Bharat Electronics Limited and DELFT, Holland. Orders are placed on BEL as per operational requirements. Passive Night Vision Devices without (II Tubes) are, however, available from various indigenous sources, including M/s. BEL. Accordingly, the requirement of Passive Night Vision Devices is being met by procurement from Ordnance Factory and other indigenous sources. All these devices rely on catching the reflected light in the visible spectral band and hence are inadequate during complete darkness. Thermal Imaging Sights ("n Sights) required for Infantry and Artillery in the form of Hand Held Thermal Imager (HHTI) and Thermal Imaging Integrated Observation Equipment (TIIOE) are now being procured indigenously from M/s BEL who has acquired limited Transfer of Technology from abroad. Complete technology is not available.

21. However, the technology for manufacture of Thermal Imaging Sights for tanks is presently not available indigenously with M/s Bharat Electronics Limited or any other indigenous vendor. The requirement of Thermal Imaging Sights for tanks is therefore being met ex-import.

**22. The Committee note that Passive Night Vision Devices with Image Intensifier Tubes (II Tubes) are being manufactured by M/s BEL in collaboration with DELFT, Holland. These devices are also being manufactured in Ordnance Factories and by other indigenous manufacturers. The Committee however noted that the technology for manufacture of Thermal Imaging (TI) is yet to become easily available to the electronic industry. The Committee feel that these facilities should be made available indigenously to all available users in the near future. The Committee note that the Department of Space has made tremendous progress in the field of Night Vision Equipment. The Committee, therefore, recommend that before importing technology in this field, the possibility of procuring this facility from the Department of Space should be explored.**

**23. The Committee further note that the TI sights whether in the form of HHTI or THOE fitted on tanks are very important in the modern warfare and also in fighting insurgency. The Committee, therefore, recommend that the Ministry should take immediate steps to develop this technology through reverse engineering process.**

#### **Delay in Submarine Manufacturing**

##### **Recommendation (SI.No. 15, Para Nos. 72 & 73)**

24. The Committee had noted that there had been delay in the manufacturing of submarine at Mazagon Docks Ltd. (MDL) because the concerned persons were unable to take decisions as enough information on technology was not available and this 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.

25. The Committee had also desired 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 shortfalls and delay in the starting and completion of the projects.

26. The Ministry of Defence in their action taken reply have stated that despite approval accorded for indigenous construction of two submarines at Mazagon Dock Limited (MDL), Mumbai in 1997, the contract could not be concluded on account of foreign associate having linkages with HDW, Germany against whom a case registered by CBI was still under investigation. In addition, the French Government did not give a clear cut commitment on the release of Tube Launched Missile System for the two Submarines. Acquisition of such a system was considered a vital requirement. There was also disagreement over the cost of the programme management and logistic package. In view of the above, the programme for indigenous construction of two submarines got delayed.

27. Separately, the Cabinet Committee on Security, considering the contemporary and future threat perceptions and to maintain the envisaged submarine force level, approved a 30 year plan for series construction of submarines for the Indian Navy and acquisition of national competence in submarine building in July, 1999.

28. The Ministry have further stated that after reaching an understanding with the French Government in May, 2000, approval of CCS was obtained for indigenous construction of six submarines based on the 'Scorpene' design suitably modified to meet Naval Staff Qualitative Requirements (NSQRs) and to terminate the negotiations being held for the indigenous construction of two submarines. Technical negotiations on aspects of transfer of technology and contractual issues of contract continued till early 2002. Thereafter, the price negotiations were held and have since been concluded. Approval of Cabinet Committee on Security is being sought for the firmed up cost of indigenous construction of six submarines at MDL, Mumbai.

29. Naval projects having national importance are prioritised and reviewed at the appropriate level in order that any bottlenecks in the implementation of the projects, are located and action taken in time to remove them. A Committee has been constituted to monitor indigenous ship construction project by the Defence Shipyards for reviewing the physical and financial progress of each ship construction project on quarterly basis.

**30. The Committee note that the Ministry of Defence have constituted a Committee to monitor indigenous ship construction projects by the Defence Shipyards for reviewing the physical and financial progress of each ship construction project on quarterly basis which will definitely help in construction of submarines and ships within a specified time period. The Committee however feel that low capacity utilisation not only fails to realise full potential of the facilities created in Mazagon Docks Limited but also considerably increases the cost per unit of ships built. The Committee, therefore, recommend that the Ministry of Defence should take necessary steps to ensure that the submarines and ship building capacity of MDL, Mumbai is utilized to the fullest extent. This will not only result in reduction of cost per unit but will also make internally generated resources available to the shipyard for continuous upgradation of ship building processes and machinery to enable it to remain contemporary and competitive at global level.**

## **Deep Submergence Rescue Vessels (DSRVs)**

### **Recommendation (SI.No. 16, Para No. 76)**

31. The Committee were surprised to note that the proposal for acquisition of life saving equipment like Deep Submergence Rescue Vessels (DSRVs) was pending with the Government for consideration. The Committee were 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.

32. The Ministry of Defence in their action taken reply have stated that keeping in view limited submarine rescue facility, the Indian Navy had entered into a tie up with US Navy for utilisation of US Navy Global Submarine Rescue Fly Away Kit in 1997 for the purpose of rescuing personnel from a disabled submarine. The contract, however has been unilaterally held in abeyance by the US Navy due to sanctions imposed by their Government.

33. To tide over the deficiency with regard to Submarine rescue capability, the Navy, after considering the requirement, proposed to procure two sets of Deep Submergence Rescue Vessel (DSRV)/Rescue Kits. After finalising qualitative requirements for the DSRV/Rescue Kits, different OEMs were approached for technical details along with budgetary estimates. Technical presentations were made by the firms so as to find out the capability of the equipment. Approval of the Cabinet Committee on Security was being solicited for the procurement of two DSRVs/Rescue Kits. Separately techno-commercial offers are being obtained from the firms for examining their suitability and price negotiations, if any, required to procure the vessels.

**34. The Committee note that due to sanctions imposed by the U.S. Government, the contract for supplying U.S. Navy Global Submarine Rescue Fly Away Kit was kept in abeyance by the U.S. Navy. The Committee hope that with the understanding reached between both the Governments, the Government will be able to persuade the U.S. Navy to implement the contract entered with them in 1997.**

**35. The Committee also hope that the steps taken by the Ministry to tap the alternate sources of supply of these Deep Submergence Rescue Vessels (DSRVs)/Rescue Kits will fructify early and necessary approval will be accorded expeditiously.**

## **Modernisation of the Indian Air Force**

### **Recommendation (SI. Nos. 17 & 18, Para Nos. 80 & 81)**

36. The Committee had been unhappy at the fact that major modernisation schemes for the Indian Air Force had not materialised during the year 2001-2002. The urgent requirements for the Indian Air Force have been pending for a very long time especially the AJT, AWACS, LLTRs and Integrated Air Command and Control System (IACCS) and Surveillance Radar Element (SRE) could not be made available to the Air Force despite funds allocated for the same during the year.

37. The Committee had recommended that utmost importance be given for modernisation of the Indian Air Force or else technological obsolescence would badly affect not only the fighter aircraft fleet but also the Air Defence Radar Mechanisms and the overall spares availability. The Committee had impressed upon the Government to expedite all schemes for modernisation of the IAF at the earliest as air superiority played a crucial role in modern warfare.

38. The Ministry of Defence in their action taken reply have stated that while requirements of the Indian Air Force are processed with due diligence, some schemes get prolonged due to situations over which the Ministry has no control. The AJT deal could not be finalised due to an impasse in price negotiations. The AWACS project could not fructify due to geo-political compulsions and revised technical configurations. Further the Ministry of Defence have informed that the Integrated Air Command and Control System (IACCS) project being complex and the first of its kind, is undergoing detailed technical evaluation. Surveillance Radar Element could not be finalised due to the time taken in technical and site evaluation. The LLTR project has been delayed due to the time taken in deciding on Transfer of Technology arrangement.

39. The Ministry of Defence have also stated that the concern and recommendation of the Committee is noted. Despite best efforts, some times certain schemes do not fructify, due to various reasons. A major thrust of IAF modernisation schemes is on indigenous projects like the Light Combat Aircraft (LCA), Advanced Light Helicopter (ALH), the Integrated Guided Missile Development Programme (IGMDP) etc. which have got delayed, due to various factors. However, ongoing schemes are being vigorously pursued for timely induction of the aircraft and equipment and all efforts will be made to stick to the planned schedules.

**40. The Committee note that though the Ministry of Defence made their considerable efforts for modernisation of IAF, however, their schemes could not materialise due to various reasons. The Committee hope that the major acquisition programmes of the IAF such as AJT, AWACS, Integrated Air Command and Control System (IACCS) project. Surveillance Radar Element & LLTR would be finalised in the near future. The Committee feel that the delay in implementation of projects for development of Light Combat Aircraft (LCA), Advanced Light Helicopter (ALH) and Integrated Guided Missile Development Programme (IGMDP) greatly affect the modernisation of IAF and affecting the air defence capability of the country. The Committee therefore, recommend that all out efforts should be made to implement these projects expeditiously.**

**Advanced Jet Trainer****Recommendation (SI. No. 19, Para Nos. 87-89)**

41. The Committee in their report had expressed the view that the urgent requirements of the IAF particularly those pertaining to training should be expeditiously taken up to induce confidence in the operational flying units of the IAF. The Committee had pointed out that the acquisition of the Advanced Jet Trainer had been hanging for almost two decades, the Government had failed to acquire an AJT till date. The Committee had also cautioned the Government that in the absence of the AJT, The IAF would have no other way but to use MiG-21 Bis for training purpose which would cause reduction in strength of MiG-21 Bis in operational duties. The Committee had also desired that an advanced simulators be made available for all types of aircraft presently in operation in the IAF.

42. The Ministry of Defence in their action taken reply have stated that the Indian Air Force had identified the requirement of an Advanced Jet Trainer for safe and smooth transition of young trainee pilots to high performance/technology aircraft in front line Squadrons. The various options for an Advanced Jet Trainer were under examination by the Government and the Government was keen on an early finalisation of the acquisition. The Ministry of Defence have also stated that the IAF is in the process of procuring simulators for all major aircrafts.

43. The Committee are concerned to note that till date no progress has been made in the acquisition of the AJT despite the tall claims being made in this regard. As admitted by the Government the Indian Air Force has already lost 102 MiG\*21 aircrafts and 39 pilots in air accidents involving MiG aircraft during the last 10 years causing a loss of about Rs. 675 crore in terms of cost of aircraft and training. Not only that an irreparable loss was incurred due to the death of 39 pilots as the value of the lives of young pilots who were killed in these accidents could not be measured in terms of money. The Standing Committee have not only been repeatedly recommending acquisition of AJT since 1995 but recognizing the importance of the subject presented an exclusive report on the subject during the 12th Lok Sabha.

44. The Committee regret to note that inspite of huge loss in terms of money and manpower, the Government have not yet finalised the acquisition of AJT.



**45. The Committee, therefore, strongly recommend that all efforts should be made to acquire AJT without any further loss of time and to ensure that the process is not delayed due to any reason and its progress should be monitored at the highest level. The Committee also recommend that procurement of state of the art flight simulators for all aircraft in current Service should be progressed with the same urgency and emphasis as the AJT itself. This is particularly urgent in respect of MiG-21 series aircraft which has been involved in large number of flying accidents and which will continue to form the bulk of the air assets of the Air Force in the near future.**

### **Light Combat Aircraft (LCA) Project**

#### **Recommendation (SI. No. 21, Para No. 100)**

46. The Committee had emphasised that the likely date of completion of the LCA Project might be adhered to and further cost escalation avoided. The Committee had cautioned that 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. The Committee had therefore, recommended that work on the Kaveri engine-power plant of LCA be expedited to overcome all technological difficulties and make it operative as soon as possible. The Committee also reiterated that the LCA project should be re-evaluated after the first proto-type stage in terms of the cost of the project, the time taken for development and requirements of the users.

47. The Ministry of Defence in their reply stated as under:—

"Initial sanction for undertaking LCA development programme was accorded in August, 1983 at a preliminary cost of about Rs. 560 crore (at 1982-83 Price level) to develop six Prototype Vehicles (PVs) of LCA. The LCA development strategy was finalised after a crucial review of Project Definition Phase (PDP) and sanction for Full Scale Engineering Development (FSED) Phase-1 was accorded in June, 1993 at a cost of Rs. 2188 crore (Rs. 873 crore Foreign Exchange) at October, 1991 Price Level to build two Technology Demonstrators and to prove critical technologies through limited flight testing. The total expenditure on LCA, FSED--Phase-I till 31 March, 2002 is Rs. 2033 crore.

Through effective and efficient management of sanctioned funds, it was found feasible to build two more aircraft-LCA (PVI&PV2), within the funds allotted for FSED Phase-1 absorbing rupee escalation and foreign exchange (FE) conversion rate variations. In May, 1998 USA Government imposed sanctions prohibiting USA companies from exporting any equipment/material/software to India. Aeronautical Development Agency (ADA) was importing 40 equipments from USA Companies. A

strategy was worked out to develop indigenously/buy from alternate sources these equipment. The funds required for developing/procuring from alternate sources was also funded from the sanctioned amount of Rs. 2188 crore given for FSED Phase-1.

'Kaveri' engine development is processing at Gas Turbine Research Establishment (GTRE), Bangalore as a separate major project. Six prototypes of Kaveri engine have accumulated 1070 hours of testing on multiple test beds. The design of weight-budgeted flight standard engine has been completed and the manufacture of 10 engine prototypes has been launched to meet the programme requirement. Altitude testing on KABINI, the core engine of Kaveri, has been successfully completed at high altitude facility at Central Institute of Aviation Motors (CIAM), Moscow. The high altitude tests of KAVERI and flying test bed trials are planned around third quarter of 2002. The interim engine of LCA will be replaced by 'Kaveri' engine after its integration with LCA, in Service. Such retrofit modifications have been done in Indian Air Force (IAF) during induction of Jaguar fleet (ADOUR 804E engines replaced by ADOUR 811 Engines) and Mirage 2000 fleet (SNECMA M53-5 engines replaced by SNECMA M534-P2 Engines).

After successful first flight of LCA Technology Demonstrator I and completion of first block of flight tests. Government has reviewed the Programme and has given sanction for FSED Phase-2 in November, 2001, at a cost of Rs. 3,301.78. FSED Phase-2 includes not only development leading to Initial Operational Clearance (IOC) and Final Operational Clearance (FOC) but also productionisation and manufacture of eight pre-production aircraft. LCA wiU be given IOC by 2005-06 and FOC by 2008."

**48. The Committee are happy to observe that through effective and efficient management of sanctioned funds, it was found feasible to build two more aircrafts—LCA (PVI and PV2), within the funds allotted for FSED Phase-1 absorbing rupee escalation and foreign exchange (FE) conversion rate variations. They also note that after imposition of sanctions by USA Government, a strategy was worked out to develop indigenously/buy alternate sources, this equipment and the required funds were utilised from the already sanctioned amount for FSED Phase-1.**

**49. The Committee further note that the altitude testing of KABINI, the core engine of KAVERI has been successfully completed at the Central Institute of Aviation Motors, Moscow.**

**50. According to the information furnished by the Government, the high altitude tests of KAVERI and flying test bed trials are planned around third quarter of 2002. The interim engine of LCA will be replaced by KAVERI engine after its integration with LCA in service.**

**51. The Committee hope that the high altitude tests of KAVERI and flying tests bed trials which were planned around third quarter of 2002 might have been completed successfully by now. The Committee would like to be informed of the results of such trials.**

**52. The Committee also hope that the Government will adhere to targets fixed for FSED Phase-11 and the same will be achieved by them within the stipulated time frame.**

#### **Utilisation of Funds kept in the Capital Account**

##### **Recommendation (SI. Nos. 24&25, Para Nos. 113 & 114)**

53. The Committee had taken a serious view of the non-utilisation of funds to the tune of Rs. 3000 crore kept in the Capital Account which is an indication of the slackness in the modernisation process. Although the Committee had recommended for a non-lapsable fund but at the same time cautioned the Government that the provisions should not be used for sitting on modernisation/acquisition proposals. The Committee had also felt the urgent need for acquisition of sophisticated state-of-art equipment for the Air Force as a large amount of funds had been surrendered in the head pertaining to IAF. The Committee had further hoped 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.

54. The Ministry of Defence in their action taken reply have stated that the budgetary allocations of Air Force under Capital during the year 2001-2002 could not be utilised due to non-fructification of major schemes. The Ministry of Defence have also assured that concerted efforts would be made so that funds allocated during the current financial year are fully utilised for purchase of new weapon systems, induction of technologies and modernisation/upgradation of existing system.

55. The Ministry of Defence have also stated that a proposal for setting up of a non-lapsable fund has already been referred to the Ministry of Finance to evolve a mechanism to allow carry forward of un-used amount of one financial year under the Capital Outlay to the next financial year.

56. The Defence Procurement Board constituted recently in the Ministry is in the process of revising the procurement procedure as informed by the Ministry. This is to be done with a view to synergise efforts involved in procurement and to speed up decision making process in the procurement on Capital account. The new procedure is also expected to simplify the existing procedure and remove some of the bottlenecks so as to speed up the procurement process.

**57. The Committee note that the Defence Procurement Board has been constituted in the Ministry of Defence which is in the process of revising the procurement procedure. The Committee hope that the Defence Procurement Board might be now have finalised the procedure for procurement of defence supplies and the revised procedure would result in speedy procurement process and help in reducing delay element in decision making. The Committee also hope that with the introduction of new procedure the Government will be able to utilise the allotted funds during the relevant financial year. The Committee would like to be informed of the progress made in this regard.**

## **CHAPTER II**

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

#### **Recommendation (SI. No. I, Para No. 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 percent 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 3.00% of GDP.

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

The allocation of Rs. 65000 crores made to the Defence Services for the year 2002-2003 is considered adequate to cover all urgent modernisation requirements, obligatory and essential maintenance needs of the Services/Deptts. Accordingly, no scheme/project is expected to be deferred on account of shortage of funds.

Further, during the budget speech on February 28, 2002 the then Finance Minister has also stated that "Modernisation and upgradation of our Defence preparedness is an area of highest national priority. I have made a provision of Rs. 65000 crores for Defence expenditure for next year. In case of need I shall not hesitate to provide more funds for this purpose."

However, additionality, if any, required over and above the BE allocations, would be projected at RE 2002-2003 stage.

[MOD OM No. 11013/17/2002/D (Parl.) dated 23.8.2002]

### **Recommendation (SI. No. 2, Para No. 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 weapons systems, modernisation and upgradation of the existing systems. It should also be ensured that no surrender of funds is made.

### **Reply of the Government**

The Defence Procurement Board constituted recently in the Ministry is in the process of revising the procurement Procedure with a view to synergise efforts involved in procurement and to speed up the decision making process in the procurement on Capital Account. The new procedure is expected to simplify the existing procedure and remove some of the bottlenecks so as to speed up the procurement process.

All efforts are being made to adhere to the time frame for finalisation of the schemes and to ensure that the funds allotted during the Financial Year 2002-2003 are fully utilised for the purchase of New Weapon Systems, Induction of Technologies and Modernisation/Upgradation of the existing systems so that no funds are surrendered during the current financial year.

[MOD OM No. 11013/17/2002/D (Parl.) dated 23.8.2002]

### **Recommendation (SI. No. 3, Para No. 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.

### **Reply of the Government**

In order to fully utilise the allocated amount, the progress of Defence expenditure and status of various procurement processes are kept under constant review and follow up action, as necessary, is taken. However, the Defence Procurement Board constituted recently in the Ministry is in the process of revising the procurement procedure with a view to synergise efforts involved in procurement and to speed up the decision making process in the procurement on Capital Account. *The* new procedure is expected to simplify the existing procedure and remove some of the bottlenecks so as to speed up the procurement process.

A proposal for setting up of a 'Non-lapsable Fund' has also been referred to the 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.

Moreover, all efforts are being made to adhere to the time-frame for finalisation of the schemes and to ensure that the funds allotted during the Financial Year 2002-2003 are fully utilised for the purchase of New Weapon Systems, Induction of Technologies and Modernisation/Upgradation of the existing systems so that no funds are surrendered during the current financial year.

[MOD OM No. 11013/17/2002/D (Parl.) dated 23.8.2002]

### **Comments of the Committee**

(Please See Para 8 of Chapter I of the report)

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

### **Reply of the Government**

The concrete remedial measures taken consequent to the fire incident at Ammunition Depot, Bharatpur, on 28.4.2000, are stated in the succeeding paragraphs.

#### **Storage Accommodation**

At the time of fire incident the Ammunition Depot, Bharatpur had storage accommodation for 13,260 Metric Tonne (MT) of Ammunition, whereas the holdings of ammunition was 29,772.731 MT. The excess ammunition was stocked under temporary shelters and on 20 plinths under canvas. In the fire incident on 28th April, 2000, 1800 MT of storage accommodation was destroyed, reducing the available storage accommodation to 11,460 MT.

Consequent to the fire incident, the following additional storage accommodations have been sanctioned:

	Year	Number of Store Houses	Capacity (MT) per Store House	Total Capacity (MT)	Cost (Rs. in Crores)	Progress
(a)	1999-2000	21	450	9,450	13.51	65% of work has been completed
(b)	2001-2002	24	450	10,800	16.95	Under tendering stage
	Total	45		20,250	30.46	



From the above details it will be observed that:—

- (a) With the completion of work sanctioned in 1999-2000, for additional accommodation, the total availability of storage accommodation at Ammunition Depot, Bharatpur would become 20,910 MT. This is more than sufficient to meet the requirement of present holding of 15,458.379 MT of ammunition at Ammunition Depot, Bharatpur.
- (b) In addition, work for additional storage accommodation to the extent of 10,800 MT has also been sanctioned during 2001-2002 for future accruals of ammunition.

From the above, it would be seen that the issue of inadequate storage accommodation has been adequately addressed.

### **Manpower**

The following measures have been taken to address the issue of inadequate manpower employed in Ammunition Depot, Bharatpur:—

- (a) At the time of the fire incident. Ammunition Depot, Bharatpur was authorised 371 mazdoors. The authorisation has now been revised to 861 mazdoors, *vide* Government of India, Ministry of Defence letter No. A/26606/savings/OS-20/1697/D(0-11) dt. 26 September 2001, that is more than two fold increase.
- (b) The following vacancies for employment have been released to Ammunition Depot, Bharatpur during the last three years.

(i) Mazdoors	—	172
(ii) Fire Staff	—	15
(iii) Other Categories	—	16
		203
- (c) There *is* also a proposal to authorise additional 26 Fire Staf to augment the existing authorisation of 124 Fire Staff a Ammunition Depot, Bharatpur.
- (d) For the excess tonnage held over and above the designet capacity at Ammunition Depot, Bharatpur there is a proposa to provide additional military manpower (4081 personnel to augment the manpower resources of Ammunition Depots

- (e) To meet immediate requirement of casual labour for jobs of seasonal/intermittent nature and other allied requirements, sufficient funds are being made available by the Army Headquarters to Ammunition Depot, Bharatpur as given below:—

	Year Allotment	(Rs. in Lakhs)
(i)	2000-2001	9.25
(ii)	2001-2002	6.50
(iii)	2002-2003	9.00

- (f) The Ministry of Defence has accorded approval for hiring of Dozers, Tractors and Tuggers in all Ordnance and Ammunition Depots to clear the grass/shrubs and undergrowth in the vicinity of the storehouses/plinth to avoid fire risks. Ammunition Depot, Bharatpur was allotted the following funds for the purpose:—

	Year Allotment	(Rs. in Lakhs)
(i)	2000-2001	8.00
(ii)	2001-2002	12.10
(iii)	2002-2003	4.50

Further there *is* a proposal under consideration to authorise these equipments in the establishment of Ordnance/Ammunition Depots. It would be observed that every effort has been made to augment the manpower at Ammunition Depot, Bharatpur. It will also be pertinent to mention that similar action has also been taken in other Ammunition Depots also.

### **Security Fencing for the Depot**

The depot already had a security wall and a fence around the depot. However, a security wall and fence would be required for the additional 500 acres of land acquired contiguous to the depot. This is not an immediate requirement as there is no store house or ammunition stored in this newly acquired land. Notwithstanding, the construction of fencing and wall around the newly acquired land will be undertaken when it is decided to have storage accommodation in this area.

There is also a proposal to provide power fencing and other State of Art Electronic surveillance and detection devices in all Ammunition Depots, which includes Ammunition Depot, Bharatpur. The Project is estimated to cost Rs. 200 crores and is proposed to be undertaken on a Turnkey basis by an Expert Civil Agency under the supervision of the Defence Research and Development Organisation (DRDO).

10. Necessary preventive measures to safeguard against sabotage have been taken in all Ammunition Depots.

[MOD OM No. 11013/17/2002/D (Parl.) dated 23.8.2002]

### **Recommendations (SI. No. 7, Paragraph No. 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.

### **Reply of the Government**

#### **Modernisation of Depots**

The measures that have been taken to modernise Ordnance Depots, to create additional storage facility at Ammunition Depots and to upgrade security infrastructure in the Ammunition Depots is stated in the succeeding paragraphs.

The Government have decided to modernize all the seven Central Ordnance Depots located at Kanpur, Agra, Jabalpur, Delhi Cantonment, Mumbai Chheoki and Dehu Road in a phased manner. However, to begin with Government sanction for the modernisation of Central Ordnance Depot, Kanpur as a Turnkey Project to be executed by an Expert Civil Agency under the supervision of the Defence Research and Development Organisation (DRDO), at a cost of Rs. 187 crores was accorded on 30.1.2001. The Project includes State of Art storage accommodation and warehousing facilities and offices, automation of the inventory and modern electronic surveillance and detection systems for security and fire, besides other related infrastructure. The project is expected to be completed in December 2003.

In the 10th Army Plan, it is proposed to take up modernisation of three Central Ordnance Depots at Agra, Jabalpur and Delhi Cantonment at an estimated cost of Rs. 300 crores per depot.

The modernisation of the other Ordnance Depots will be taken up in the subsequent plants.

With a view to provide specified type of storage accommodation for ammunition in the Ammunition Depots, work for construction of 484 Store Houses for providing 2.18 lakh MT of storage accommodation at an estimated cost of Rs. 521 crores is at various stages of progress.

In order to augment the security and safety infrastructure in all Ammunition Depots a comprehensive case for modernising the security and safety infrastructure is under consideration. The proposal envisages Projects to be undertaken by an Expert Agency on a Turnkey basis at an estimated cost Rs. 200 crores. The scope of the Project includes provision of security fencing early warning systems and electronic alarm systems for surveillance and detection besides Close Circuit Televisions, Cameras, etc.

In order to avoid fire risks, a case is under consideration for including Dozers, Tractors, Tuggers and Material Handling Equipments in the establishment of the Ordnance and Ammunition Depots to clear the grass/shrubs and undergrowth in the vicinity of the storehouses/plinth (for storage of ammunition).

A Computerised Inventory Control Project (CICP) has been sanctioned by the Ministry of Defence to design, develop and install an On-line Inventory Management System for Army Ordnance Corps. A Pilot Project under CICP for the development of Management Information System (MIS) and Decision Support System (DSS) for Central Ordnance Depot, Delhi, Army Headquarters and Ministry of Defence is currently under implementation and is likely to be completed by the end of this year.

A Road Map for the future has also been drawn and projections made in the 10th Army Plan, the details of which are as under:-

**(a) Modernisation of Central Ordnance Depots (CODs)**

(i)	COD Agra	—	Rs. 300 crores
(ii)	COD Jabalpur	—	Rs. 300 crores
(iii)	COD Delhi Cantt.	—	Rs. 300 crores
	Total	—	Rs. 900 crores

**(b) Ammunition Depots (Less Security and Fire Fighting)**

(i)	Explosive Stores Houses	—	Rs. 872 Crores
(ii)	Technical Works	—	Rs. 125 Crores
	Total	—	Rs. 997 Crores

**(c) Security and Fire Fighting Infrastructure**

(i)	Ammunition Depots	—	Rs. 200 Crores
(ii)	Field Ordnance Depots (FODs)/ Advance Base Ordnance Depots (ABODs)	—	Rs. 24 Crores
(iii)	Divisional Ordnance Units (DOUs)	—	Rs. 34 Crores
	Total	—	Rs. 258 Crores

- (d) Computerisation — Rs. 210 Crores
- (e) Raising of Two Ammunition Depots — Rs. 1200 Crores
- (f) Total Projections — Rs. 3565 Crores

[Ministry of Defence OM No. 11013/17/2002/ D(Parl.) dated 23.8.2002]

### **Recommendation (SI. No. 8, Paragraph No. 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 companies and also save precious foreign exchange of the nation.

### **Reply of the Government**

Passive Night Vision Devices in various configurations have been introduced in the Army. All these sights require Image Intensifier Tubes (II tubes) as their main component for which there is only one single source *i.e.* M/s BE-DELFT, Pune which is a joint venture company between Bharat Electronics Limited and DELFT, Holland Orders are placed on BEL as per operational requirements. Passive Night Vision Devices without (II Tubes) are, however, available from various indigenous sources, including M/s BEL. Accordingly, the requirement of Passive Night Vision Devices is being met by procurement from Ordnance Factory and other indigenous sources. All these devices rely on catching the reflected light in the visible spectral band and hence are inadequate during complete darkness. The more advanced technology is to exploit the infra red band of the electro magnetic spectrum emanating from the heat of the object.

Thermal Imaging Sights (TI Sights) required for Infantry and Artillery in the form of the Hand Held Thermal Imager (HHTI) and Thermal Imaging Integrated Observation Equipment (TI IOE) are now being procured indigenously from M/s BEL who has acquired limited Transfer of Technology from abroad. Complete technology is not available.

However, the technology for manufacture of Thermal Imaging Sights for tanks is presently not available indigenously with M/s Bharat Electronics Limited or any other indigenous vendor. The requirement of Thermal Imaging Sights for tanks is therefore being met ex-import.

[Ministry of Defence OM No. 11013/17/2002/ D(Parl.) dated 23.8.2002]

## **Comments of the Committee**

(Please *See* para 22 & 23 of Chapter I of the report)

### **Recommendation (SI. No. 9, Paragraph No. 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 revised 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.

### **Reply of the Government**

The operational importance of the requirement of the Weapon locating Radar (WLR) has been well appreciated and continuous efforts have been made to procure this high technology equipment which is manufactured by only few countries. There are two significant factors, which have affected early procurement of WLR. When the ANTPQ-37 Radar from the USA was trial evaluated in 1996 and the procurement action was about to be completed in 1998, US Sanctions were imposed in May 1998. Once again in 1999, when the Ukrainian WLR IL—220U was shortlisted, procurement action could not be completed due to various reasons described hereafter. Ministry of External Affairs had certain reservations because Ukraine had friendly relations with Pakistan, and apprehensions were expressed regarding placing reliance on Ukraine for supplying such a critical equipment in view of their military co-operation with Pakistan, and the likelihood of the maintenance and supply of the spares getting disrupted during critical times, as also the possibility of the software being made accessible to Pakistan, compromising our defence. Besides, a complaint was received about the alleged involvement of middlemen in the procurement of the Ukraine WLR. Consequent to the preliminary investigations by the CBI, a conscious decision was taken to drop the case of procurement of WLR from Ukraine.

Thereafter, a two pronged approach was taken during 2001-2002 to acquire WLRs. Request For Proposal (RPP) was issued to all known vendors (except Ukraine), and a request was sent to Government of USA if they could supply WLRs on Government to Government basis. While no concrete response was received from any of the Original Equipment Manufacturers (OEM), the US Government responded by offering their ANTPQ—37 Radar through the Foreign Military Sales (FMS) Route. Their offer was considered and it was decided with the approval of the Cabinet Committee on Security (CCS), to acquire Qty. 8 Nos. WLRs from US Government. Accordingly, after deliberations with the US Government, a Letter of Offer and Acceptance (LOA) was signed in April 2002 between the two Governments for procurement of Qty. 8 of WLRs. As the lead time for manufacture of these high technology radars is two years, the radars will be supplied with effect from July 2004 and supply will be completed by July 2005. Additionally, efforts are still being made to procure two WLRs on lease ex-US Army stocks to meet our requirement in the interim period. As regards supply of spares, the LOA signed with the US Government includes adequate supply of spares for two years and a provision for product support till 2010 has been incorporated in the LOA to ensure availability of spares.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.) dated 23.8.2002]

**Recommendation (SI. No. 10, Paragraph No. 59)**

The Committee desire that in view of serious applications 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.

**Reply of the Government**

DRDO is working on an integrated plan to provide suitable anti-missile defence system to strengthen our armed forces to safeguard the integrity and sovereignty of the nation.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.) dated 23.8.2002]

### **Recommendation (SI. No. II, Paragraph No. 61)**

The Committee are happy to note that the small companies in the private sector have already started manufactured 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.

### **Reply of the Government**

An interaction meeting between DRDO and Confederation of Indian Industry, first of its kind, was organized at Research Centre, Imarat (RCI), Hyderabad during Dec. 2001, to explore the possibilities of mutual participation in design and development of systems/sub-systems between DRDO and industries. More than 250 participants took part in the above meet, representing about 75 companies and modalities were worked out for greater participation/interaction.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.) dated 23.8.2002]

### **Recommendation (SI. No. 12, Paragraph No. 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.

### **Reply of the Government**

Open house programmes between DRDO & Confederation of Indian Industry are being planned zone-wise to attract the corporate houses of Indian Industries. The focus of the programme in open house is on the following aspects of participation:

- Technologies of Laboratory interest in which participative development by industries is feasible.
- Technologies already developed by the Laboratory which can be productionised by industries.
- Technologies developed by the Laboratory with potential spin-off for exploitation by industries.

The other Open-House programmes are being organized in Bangalore, Pune & Hyderabad in 3rd Quarter of 2002.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.) dated 23.8.2002]



### **Recommendation (SI. No. 13, Paragraph No. 65)**

The Committee recall its earlier recommendation made in the Eleventh Report of Demand of 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.

### **Reply of the Government**

The case for sanction of special incentives to Defence Scientists is being pursued personally by Secretary Defence R&D and Scientific Adviser to Raksha Mantri with PMO and the decision in this regard is expected soon.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.), dated 23.8.2002]

### **Recommendation (SI. No. 14, Paragraph No. 67)**

The Committee note that Goa Shipyard Limited are bidding in foreign market, however, it desires that expertise of our shipyards may be highlighted internationally to get overseas orders and it should also explore the possibility to work with other shipbuilding 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 Ltd. on priority.

### **Reply of the Government**

The three Defence Shipyards *i.e.* Goa Shipyard Ltd., Garden Reach Shipbuilders & Engineers Ltd. and Mazagon Dock Ltd. are making serious efforts for export of various types of vessels built by them. Efforts are also being made to get orders for repairs of foreign vessels. The Shipyards have appointed agents for promoting their business abroad and posted their web sites on the internet. They have also been participating in trade fairs organised in India and abroad. They are in regular contact with our Missions abroad who have been sent brochures depicting the products that could be offered for export. They have made an entry in the publication of the world-wide directory of Defence Authorities, U.K. for exposure to companies abroad. Besides, marketing potential is also being explored in the South East Asian countries for export of ships. A scheme for grant of subsidy introduced by the Ministry of Shipping has also been extended to the Defence Shipyards.

In May 1999, Govt. had approved the indigenous construction of an Air Defence Ship (ADS) of around 24000 tons displacement at Cochin Shipyard Ltd. (CSL). Taking into consideration the prevailing security scenario, the Navy have reassessed their requirement and have proposed building a larger ADS (approximately 37,500 MT) which is expected to enter service after 2011. The revised proposal is under active consideration.

[Ministry of Defence OM No. 11013/17/2002/D(ParL), dated 23.8.2002]

### **Recommendation (SI. No. 17, Paragraph No. 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 for the Indian Air Force which have been pending for a very long time specially 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.

### **Reply of the Government**

While requirements of the Indian Air Force as indeed, of the other two services are processed with due diligence, some schemes get prolonged due to situations over which the Ministry has no control. The AJT deal could not be finalised due to an impasse in price negotiations. The AWACS project could not fructify due to geo-political compulsions and revised technical configurations. The Integrated Air Command and Control System (IACCS) project being complex and the first of its kind, is undergoing detailed technical evaluation. Surveillance Radar Element could not be finalised due to the time taken in technical and site evaluation. The LLTR project has been delayed due to the time taken in deciding on Transfer of Technology arrangement. However, all efforts are being made to accelerate the process of modernisation of the Indian Air Force.

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[Ministry of Defence OM No. 11013/17/2002/D(ParL) dated 23.8.2002]

### **Comments of the Committee**

(Please See para 40 of Chapter I of the report)

### **Recommendation (SI. No. 18, Paragraph No. 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.

### **Reply of the Government**

The concern and recommendation of the Committee is noted. Modernisation of the Indian Air Force is a continuous process. Despite best efforts, some times certain schemes do not fructify, due to various reasons. A major thrust of IAF modernisation schemes is on indigenous projects like the Light Combat Aircraft (LCA), Advanced Light Helicopter (ALH), the Integrated Guided Missile Development Programme (IGMDP) etc. which have got delayed, due to various factors. However, ongoing schemes are being vigorously pursued for timely induction of the aircraft and equipment and all efforts will be made to stick to the planned schedules.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.), dated 23.8.2002]

### **Comments of the Committee**

(Please *See* para 40 of Chapter I of the report)

### **Recommendation (SI. No. 20, Paragraph No. 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 inviable 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.

## Reply of the Government

1. Life of the Upgrade MiG 21 Bis aircraft; The life extension studies for extending the life upto 3400 hrs. have been completed. Interim extension of the technical life for the aircraft was granted upto 3000 hours. Calendar life has already been extended upto 35 years. With this the life of the lead aircraft manufactured in 1976 will be available till the year 2011 and the last lot of aircraft manufactured in 1986 will be available till 2021. The aircraft inducted for upgrade have completed less than 1800 hrs of life and can be exploited for 1600 hours or more. Therefore, adequate technical life will be available to exploit the aircraft for more than 15 years after the upgrade.

**Cost of Upgrade:** Government sanctioned \$ 626 million for the MIG 21 Bis upgrade programme. Of the total sanctioned, \$ 153.51 million was towards procurement of weapons and the balance amount of \$ 472.85 million was towards cost of upgrade of 125 aircraft. Therefore, the total cost of upgrade of 125 aircraft is US \$ 472.85 million. Thus, the cost of upgrade per aircraft works out to be US 3.783 million (approximately 16.27 crores @ of 1 US \$ Rs 43/- average between March 1996 and March 2002) after amortization of all non-recurring costs. The total cost of an upgraded aircraft would be approximately Rs. 19.59 crores or say Rs. 20 crores per aircraft (upgrade cost plus the basic cost of the aircraft as per 1986-87 price of Rs. 3.32 crores). Since there is no aircraft in the world market comparable to upgraded MiG-21 Bis therefore a reasonable cost comparison is not possible. However, the cost of a new aircraft with similar avionics and weapons suite, if it were to be available, would be substantially higher. This inference is based on the current costs of some of the present aircraft as given below:—

AMX (Light fighter) — 15 MUSD (Rs. 75 crore)  
(without radar and advanced missiles)

HAWK (Two seater) — 16 MUSD (Rs. 80 crore)  
(without radar and advanced missiles)

F-16 C/D — 30 MUSD (Rs. 150 crores)

Mirage 2000-05 — 35 MUSD (Rs. 175 crore)

(Ministry of Defence OM No. 11013/17/2002/D(Parl.) dated 23/8/2002)

### **Recommendation (SI. No. 22, Paragraph No. 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 the encouragement from the Government, the involvement of private sector will help in saving both financial resources and manpower of the Government and at the same time bring about technological advancements at a faster speed in the production of items and equipments presently being manufactured by Defence PSUs/Ordnance Factories.

### **Reply of the Government**

In May, 2001 the Defence Industry sector has been opened for participation by Indian Private sector upto 100% of equity with Foreign Direct Investment (FDI), component of it being permissible upto 26%, both being subject to licensing, permissions. This includes all types of defence equipment. To implement this decision, guidelines have been issued by the Department of Industrial Policy & Promotion in consultation with the Ministry of Defence regarding the modalities for consideration of applications for grant of licence. The licences will be issued by the Department of Industrial Policy & Promotion (DIPP) in consultation with the Ministry of Defence.

To formulate the views of the Ministry of Defence on the proposals received from DIPP, a permanent Committee has been constituted under the Chairmanship of Joint Secretary (Supplies), Department of Defence Production & Supplies, Ministry of Defence. The Government is in agreement with the views of the Committee and hope that the involvement of the private sector will help in saving financial resources and bring about accelerated technological advancements.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.), dated 23/8/2002]

### **Recommendation (SI. No. 23, Paragraph No. 110)**

The Committee are of the view that because of the modernization, 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 modernization of Ordnance Factories will remain a continuous process and pursued vigorously in the Tenth Plan also for which sufficient budgetary provision has been made."

### **Reply of the Government**

Ordnance Factory Board has put a system in place to review, upgrade and monitor the modernization plan on a continuous basis keeping in view the changes in the requirement of the indentors and updated technology available.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.), dated 23/8/2002]

### **Recommendation (SI. No. 24, Paragraph No. 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-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.

### **Reply of the Government**

The budgetary allocations of Air Force under Capital during the year 2001-2002 could not be utilized due to non-fructification of certain major schemes. However, concerted efforts are being made to ensure that the funds allocated during the current Financial Year are fully utilized for the purchase of New Weapon Systems, Induction of Technologies and Modernisation/Upgradation of existing system.

A proposal for setting up of a 'Non-lapsable Fund' has already been referred to the 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.

Moreover, the Defence Procurement Board constituted recently in the Ministry is in the process of revising the procurement Procedure with a view to synergise efforts involved in procurement and to speed up the decision making process in the procurement on Capital Account. The new procedure is expected to simplify the existing procedure and remove some of the bottlenecks so as to speed up the procurement process.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.), dated 23/8/2002]

### **Comments of the Committee**

Please See para 57 of Chapter I of the report.

### **Recommendation (SI. No. 25, Paragraph No. 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.

### **Reply of the Government**

The Defence Procurement Board constituted recently in the Ministry is in the process of revising the procurement Procedure with a view to synergise efforts involved in procurement and to speed up the decision making process in the procurement on Capital Account. The new procedure is expected to simplify the existing procedure and remove some of the bottlenecks so as to speed up the procurement process.

All efforts are being made to adhere to the time frame for finalisation of the schemes and to ensure that the funds allotted during the Financial Year 2002-2003 are fully utilised for the purchase of New Weapon Systems, Induction of Technologies and Modernisation/Upgradation of the existing systems so that no funds are surrendered during the current financial year.

[Ministry of Defence OM No. 11013/17/2002/D(Parl.),dated 23/8/2002]

### **Comments of the Committee**

Please *See* para 57 of Chapter I of the report.

### **CHAPTER III**

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

-NIL-



## CHAPTER IV

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

#### **Recommendation (SI. No. 4, Paragraph No. 34 & 35)**

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 lose the trained personnel. On the other hand, persons who retire at young age have very little chance of getting employment in the present scenario of downsizing the work force everywhere.

The Committee, therefore, recommends 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.

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

The Kargil Review Committee had recommended that the Army must be young & fit at all times. The KRC Report was debated and deliberated over a prolonged period by the Inter-Ministerial Group established under the Chairmanship of Special Secretary (ISP) MHA who in turn submitted the report to the Group of Ministers established under the Home Minister.

The GOM recommended reduction in colour service of the Armed Forces and their lateral entry into other organizations in their report of 'Reforming the National Security System' with the primary aim of keeping a young profile of the Army in a peak combat effective state capable of meeting the challenges of a future conflict. Based on the recommendations of the GOM report, an Apex Committee consisting of Cabinet Secretary, COAS, Defence Secretary, Home Secretary and Secretary Expenditure was constituted to look into the terms of engagement of soldier and lateral entry into other organisations. In addition, a Working Group under the Chairmanship of the Adjutant General was constituted to carry out a detailed study of various issues and work out modalities for lateral transfer. The Working Group has recommended Long Term and Short Term lateral transfer of Army Personnel to Central Paramilitary Forces. The study Report of the Working Group has since been submitted.

[Ministry of Defence OM No.  
11013/17/2002/D(Parl.) dated  
23/8/2002]

## **Comments of the Committee**

Please *See* para 17 & 18 of Chapter I of the report

### **Recommendation (SI. No. 5, Paragraph No. 36)**

The Committee also recommended that the Government should take time bound action on rationalisation and re-definition of the current pensions 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-linked rank cum service conditions of retirement, which are not applicable to any other civil department of Government. The Committee further recommended 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.

### **Reply of the Government**

**(i) Granting full pension, i.e. equivalent to 50 per cent of basic pay on discharge on completion of terms of engagement without linking it to 33 years of qualifying service.**

On retirement or discharge from service, an Armed Forces Personnel is granted pension in accordance with the Pension Regulations applicable to the respective services. Accordingly, the pension is a condition of service and is earned by an employee by rendering the prescribed qualifying service. According to the Pension Regulations, full pension equivalent to the 50% of the last reckonable emoluments is granted on completion of 33 years of qualifying service. For the qualifying service less than 33 years, admissible pension is calculated by dividing the actual qualifying service by 33 years and multiplying it by the full pension, *i.e.*, the pension admissible on full 33 years qualifying service.

In order to keep the Army young and fit. Armed Forces Personnel (PBOR) are retired/discharged on completion of prescribed terms of engagement. Many of them do not complete 33 years of qualifying service to earn full pension. However, in order to compensate them, they are given added Weightage of 5 years in case of Personnel Below Officer Rank (PBOR) and 3 to 9 years in respect of Commissioned Officers, which is added to their qualifying service while computing service/retiring pension. No such Weightage is admissible to civilian employees. Further, pension of PBOR is calculated with reference to the maximum of pay of the rank/group from which retired/discharged and not on the basis of average pay drawn during last 10 months of service as is the case for civilian employees. Armed Forces Personnel are thus compensated for their qualifying service lesser than 33 years service for full pension.

The demand to grant full pension to the Armed Forces personnel without reference to 33 years of qualifying service has been considered in detail. It has not been found feasible to accept the demand because of several administrative and legal implications. The demand has also not been found acceptable because of huge financial commitments involved.

**(ii) Demand for One Rank One Pension**

The various ex-Servicemen associations have been raising the demand for grant of one rank one pension to the Armed Forces Pensioners. This demand has considered by 4th and 5th Central Pay Commissions and both the Commissions did not find the demand reasonable and acceptable. In order to bridge the differences between the pension of pensioners who retired/discharged before 1.1.96, the 5th Central Pay Commission recommended that the pension of pre 1.1.96 pensioners be consolidated according to the prescribed formula and if the consolidated pension is less than the pension admissible on the minimum of the scale of pay revised with effect from 1.1.96, then the consolidated pension be raised to that level. In acceptance of the recommendation of the Commission, Government have issued necessary orders. This has considerably reduced the difference in the pension of pre 1.1.96 pensioners and post 1.1.96 pensioners.

The demand for granting one rank one pension has not been found acceptable due to various administrative and financial constraints. The acceptance of demand of one rank one pension for Armed Forces pensioners will give rise to similar demand by other Central/State Government employees and will involve huge financial implications, which our economy can hardly sustain. Improvement in pension structure of employees is a continuous process and there has been substantial increase in the pensions from time to time and specially with effect from 1.1.96 after the recommendations of the 5th Central Pay Commission are implemented.

**(iii) Medical cover to Ex-servicemen and their dependents**

The Ex-servicemen/wife/widow drawing pension of any kind are entitled to free out-patient treatment in 127 Military Hospitals (109 Army, II Air Force and 7 Navy Hospitals) and over 1,000 Medical Inspection Rooms (including 24 MI Rooms and 12 Dental Centres exclusively meant for Ex-servicemen) in terms of provisions of the Regulations for the Medical Services for the Armed Forces 1983 (RMSAF-1983). Ex-servicemen are provided in-patient treatment in Military Hospitals subject to the availability of the beds. These facilities can be availed of only by those who live in proximity. Others, as recommended by the 5th Central Pay Commission, may opt to receive a fixed medical allowance of Rs. 100/- per month for meeting expenditure on day-to-day medical expenses. The scope of these concessions, however, does not include treatment of cancer, pulmonary tuberculosis, leprosy, mental disease, malignant disease or any other disease for which the treatment is not available from local Military sources.

In addition to this, financial assistance for specified diseases at specified rates is provided to ex-servicemen and their dependents from Armed Forces Flag Day Fund and Raksha Mantri's Discretionary Fund. The Army Group Insurance (AGI) also introduced a medical insurance scheme to provide cover for treatment for heart, cancer, renal transplant, hip/knee joint replacement, prostrate surgery etc. in authorized hospitals and private nursing homes.

A proposal to provide comprehensive medicare to ex-servicemen and their dependents is under active consideration.

[MoD OM No. 11013/17/2002/D(Parl.) dated 23.8.2002]

### **Comments of the Committee**

Please *see* para 17 & 18 of Chapter I of the report.

### **Recommendation (SI. No. 15, Paragraph Nos. 72 & 73)**

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 or technology was not available and this 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.

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 shortfalls in delay in the starting and completion of the projects.

### **Reply of the Government**

Despite approval accorded for indigenous construction of two submarines at Mazagaon Dock Ltd. (MDL), Mumbai in 1997, the contract could not be concluded on account of foreign associate having linkages with HDW, Germany against whom a case registered by CBI is still under investigation. In addition, the French Government did not give a clear-cut commitment on the release of Tube Launched Missile System for the two Submarines. Acquisition of such a system was considered a vital requirement. There was also disagreement over the cost of the programme management and logistic package. In view of the above, the programme for indigenous construction of two submarines got delayed.

Separately, the Cabinet Committee on Security, considering the contemporary and future threat perceptions and to maintain the envisaged submarine force level, approved a 30 year plan for series construction of submarines for the Indian Navy and acquisition of national competence in submarine building in July, 1999.

After reaching an understanding with the French Government in May, 2000, approval of CCS was obtained for indigenous construction of six submarines based on the 'Scorpene' design suitably modified to meet Naval Staff Qualitative Requirements (NSQRs) and to terminate the negotiations being held for the indigenous construction of two submarines. Technical negotiations on aspects of transfer of technology and contractual issues of contract continued till early 2002. Thereafter, the price negotiations were held and have since been concluded. Approval of Cabinet Committee on Security is being sought for the firmed up cost of indigenous construction of six submarines at MDL, Mumbai.

Naval projects having national importance are prioritized and reviewed at the appropriate level in order that any bottlenecks in the implementation of the projects, are located and action taken in time to remove them. A Committee has been constituted to monitor indigenous ship construction project by the Defence Shipyards for reviewing the physical and financial progress of each ship construction project on a quarterly basis.

[MoD OM No. 11013/17/2002/D(Parl.) dated 23.8.2002]

### **Comments of the Committee**

Please *see* para 30 of Chapter I of the report.

### **Recommendation (SI. No. 16, Paragraph No. 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.

### **Reply of the Government**

Keeping in view limited submarine rescue facility, the Indian Navy had entered into a tie up with US Navy for utilisation of US Navy Global Submarine Rescue Ply Away Kit in 1997 for the purpose *oi* rescuing personnel from a disabled submarine. The contract, however, has been unilaterally held in abeyance by the US Navy due to sanctions imposed by their Government.

To tide over the deficiency with regard to Submarine rescue capability, the Navy, after considering the requirement, proposed to procure two sets of Deep Submergence Rescue Vessel (DSRV)/Rescue Kits. After finalizing qualitative requirements for the DSRV/Rescue Kits, different OEMs were approached for technical details along with budgetary estimates. Technical presentations were made by the firms so as to find out the capability of their equipment. Approval of Cabinet Committee on Security is being solicited for the procurement of two DSRVs/Rescue Kits. Separately techno-commercial offers are being obtained from the firms for examining their suitability and price negotiations, if any, required to procure the vessels.

[MoD OM No. 11013/17/2002/D(Parl.) dated 23.8.2002.]

### **Comments of the Committee**

Please *see* paras 34 & 35 of Chapter I of the report.

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### **Recommendation (SI. No. 19, Paragraph Nos. 87-89)**

The Committee again stress 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.

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.

The Committee therefore, once again reiterate its recommendations 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 operational in the IAF.

### **Reply of the Government**

The Indian Air Force has identified the requirement of an Advanced Jet Trainer for safe and smooth transition of the young trainee pilots to high performance/technology aircraft in front line squadrons. Various options for an Advanced Jet Trainer are under examination by the Government which is keen on early finalisation of the acquisition.

2. The Indian Air Force is in the process of procuring simulators for all major aircraft. Upgradation of existing simulators is also being undertaken. A detailed note on the induction of simulators in the IAF has been sent to the Committee separately.

[MoD OM No. 11013/17/2002/D(Parl.) dated 23.8.2002]

### **Comments of the Committee**

Please *see* paras 43—45 of Chapter I of the report.

### **Recommendation (SI. No. 21, Paragraph No. 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 be on account of the import of a large number of GE-404 engines from the 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 modernization 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 power plant 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, the time taken for the development and the requirements of the users *i.e.* IAF.

### **Reply of the Government**

Initial sanction for undertaking LCA development programme was accorded in August 1983 at a preliminary cost of about Rs. 560 crore (at 1982-83 Price level) to develop six Prototype Vehicles (PVs) of LCA. The LCA development strategy was finalised after a crucial review of project definition phase (PDP) and sanction for full scale engineering development (FSED) Phase-1 was accorded in June 1993 at a cost of Rs. 2188 crore (Rs. 873 crore Foreign Exchange) at October 1991 Price Level to build two Technology Demonstrators and to prove critical technologies through limited flight testing. The total expenditure on LCA, FSED-Phase-1 31 March, 2002 is Rs. 2033 crore.

Through effective and efficient management of sanctioned funds it was found feasible to build two more aircraft—LCA (PVI & PV2) within the funds allotted for FSED Phase-1 absorbing rupee escalation and foreign exchange (FE) conversion rate variations. In May 1991 USA Government imposed sanctions prohibiting USA companies from exporting any equipment/material/software to India. Aeronautical Development Agency (ADA) was importing 40 equipments from US/Companies. A strategy was worked out to develop indigenously/by)from alternate sources these equipment. The funds required for developing/procuring from alternate sources was also funded from the sanctioned amount of Rs. 2188 crore given for FSED Phase-1.



'Kaveri' engine development is progressing at Gas Turbine Research Establishment (GTRE), Bangalore as a separate major project. Six prototypes of Kaveri engine have accumulated 1070 hours of testing on multiple test beds. The design of weight-budgeted flight standard engine has been completed and the manufacture of 10 engine prototypes has been launched to meet the programme requirement. Altitude testing on KABINI, the core engine of KAVERI, has been successfully completed at high altitude facility at Central Institute of Aviation Motors (CIAM), Moscow. The high altitude tests of KAVERI and flying test bed trials are planned around third quarter of 2002. The interim engine of LCA will be replaced by 'Kaveri' engine after its integration with LCA, in service. Such retro-fit modifications have been done in Indian Air Force (IAP) during induction of Jaguar fleet (ADOUR 804E engines replaced by ADOUR 811 Engines) and Mirage 2000 fleet (SNECMA M 53-5 engines replaced by SNECMA M534-P2 Engines).

After successful first flight of LCA Technology Demonstrator 1 and completion of first block of flight tests. Government has reviewed the Programme and has given sanction for FSED Phase 2 in November 2001, at a cost of Rs. 3,301.78. FSED Phase 2 includes not only development leading to Initial Operational Clearance (IOC) and Final Operational Clearance (FOC) but also productionisation and Manufacture of eight pre-production aircraft. LCA will be given IOC by 2005-06 and FOC by 2008.

[MoD OM No. 11013/17/2002/D(Parl.) dated 23.8.2002]]

### **Comments of the Committee**

Please *see* paras 48—51 of Chapter I of the report.

## CHAPTER V

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

NEW DELHI;  
9 December, 2002  
18 Asrahawna, 1924 (Saka)

MADAN LAL KHURANA  
Chairman  
Standing Committee on Defence

**MINUTES OF THE FOURTEENTH SITTING OF THE  
STANDING COMMITTEE ON DEFENCE (2002)**

**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 Chandrakant Khaire
6. Shri Hassan Khan
7. Prof. Rasa Singh Rawat
8. Shri A.P. Jithender Reddy
9. Dr. Col. (Retd.) Dhani Ram Shandil
10. Dr. (Smt.) Sudha Yadav

*Rajya Sabha*

11. Gen. (Retd.) Shankar Roy Chowdhury
12. Smt. N.P. Durga
13. Shri Eduaido Paleiro
14. Shri Suresh Kalmadi
15. Dr. Raja Ramanna
16. Shri Birabhadra Singh
17. Shri Ekanath K. Thakur

**SECRETARIAT**

1. Shri P.D.T. Achary — *Additional Secretary*
2. Shri S.C. Rastogi — *Joint Secretary*
3. Shri Krishan Lal — *Director*
4. Shri K.D. Muley — *Under Secretary*

2. At the outset. Chairman welcomed the members to the sitting of the Committee.

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4.       The Committee then took up for consideration the Eighteenth Report of Standing Committee on Defence (2002) on the Action Taken by the Government on the recommendations contained in the Sixteenth Report of the Committee (13th Lok Sabha) on the Demands for Grants of the Ministry of Defence for the year 2002-2003. The report was a considered and discussed. Some members gave certain amendment which were adopted. The report was then adopted as amendment (Annexure).

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

**The Committee then adjourned.**

"Relevant portions of minutes not related to the subject have been kept separately.

## ANNEXURE

(See Para 4 of the Minutes dated 9.12.2002)

SI. No.	Page No.	Para No.	Line(s)	Modifications
1.	2.	3.	4.	5.
1.	4	8	2-3	<i>for</i> "as and when finalized would be" <i>substituted</i> "should be finalized soon within a given time frame and"
2.	7	17	after line 2	<i>insert</i> "The Committee also recommend lateral induction of serving/retiring personnel into other Government departments and Public Sector Undertakings"
3.			3	<i>after</i> "ex-Servicemen" <i>insert</i> "prospectively"
4.			5	<i>for</i> "matter so far and" <i>substitute</i> "matter of implementatoin so far."
5.			7	after "employees" insert "and will involve huge financial implications is not acceptable to the Committee. This reasoning does not appreciate the vast difference in service conditions between the two categories as also the socio-economic problems caused by various factors like frequent transfers, serving in inhospitable terrain like high altitude, difficult conditions and disturbed marital life."
6.			10	<i>after</i> "ex-Servicemen" <i>insert</i> "within a fixed time frame"
7.	8		2	<i>after</i> "medical cover" <i>insert</i> "medicare"

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1	2	3	4	5
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8. 3 after “dependents” insert “similar to Railways”
9. 8 after “medical facilities” insert “in Military hospitals and polyclinics”
10. 22 5 for “sights for Hand Held Thermal Imager (HHTI), Thermal Imaging Integrated Observation Equipment (TIIOE) and tanks is not available indigenously as yet. They, therefore, recommend that concerted efforts should be made to make such facility available indigenously in the near future” substitute “is yet to become easily available to the electronic industry. The Committee feel that these facilities should be made available indigenously to all available users in the near future. The Committee note that the Department of Space has made tremendous progress in the field of Night Vision Equipment. The Committee, therefore, recommend that before importing technology in this field, the possibility of procuring this facility from the Department Space should be explored.”
11. 13 35 4 for “without losing any time” substitute “expeditiously”
12. 17 45 4 add at the end “The Committee also recommend that procurement of state of the art flight simulators for all aircraft in current Service should be progressed with the same urgency and emphasis as the AJT itself. This is particularly urgent in respect of MiG-21 series aircraft which has been involved in large number of flying accidents and which will continue to form the bulk of the air assets of the Air force in the near future.”

1	2	3	4	5
8.			3	<i>after "dependents" insert "similar to Railways"</i>
9.			8	<i>after "medical facilities" insert "in Military hospitals and polyclinics"</i>
10.		22	5	<i>for "sights for Hand Held Thermal Imager (HHTI), Thermal Imaging Integrated Observation Equipment (TIIOE) and tanks is not available indigenously as yet. They, therefore, recommend that concerted efforts should be made to make such facility available indigenously in the near future" substitute "is yet to become easily available to the electronic industry. The Committee feel that these facilities should be made available indigenously to all available users in the near future. The Committee note that the Department of Space has made tremendous progress in the field of Night Vision Equipment. The Committee, therefore, recommend that before importing technology in this field, the possibility of procuring this facility from the Department Space should be explored."</i>
11.	13	35	4	<i>for "without losing any time" substitute "expeditiously"</i>
12.	17	45	4	<i>add at the end "The Committee also recommend that procurement of state of the art flight simulators for all aircraft in current Service should be progressed with the same urgency and emphasis as the AJT itself. This is particularly urgent in respect of MiG-21 series aircraft which has been involved in large number of flying accidents and which will continue to form the bulk of the air assets of the Air force in the near future."</i>

## APPENDIX

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SIXTEENTH REPORT OF THE STANDING COMMITTEE ON DEFENCE (THIRTEENTH LOK SABHA) ON THE DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2002-2003.

		Percentage of Total	
(i)	Total number of recommendations	25	
(ii)	Recommendations/Observations which have been accepted by Government ( <i>vide</i> recommendations at Sl. Nos. 1-3, 6-14, 17, 18, 20, 22-25).	19	76%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies	Nil	Nil
(iv)	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee ( <i>vide</i> recommendations at Sl. Nos. 4, 5, 15, 16, 19 & 21)	6	24%
(v)	Recommendations/Observations in respect of which final replies of Government are still awaited	Nil	Nil