

14

**STANDING COMMITTEE ON DEFENCE
(2011-2012)**

(FIFTEENTH LOK SABHA)

MINISTRY OF DEFENCE

**[Action Taken by the Government on the recommendations/observations
contained in the Twelfth Report (Fifteenth Lok Sabha) on `Demands for Grants
(2011-2012)'].**

FOURTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2012/Phalguna, 1933 (Saka)

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**[Action Taken by the Government on the recommendations/observations
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(2011-2012)'].**

Presented to Lok Sabha on 26 March, 2012

Laid in Rajya Sabha on 26 March, 2012



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2012/Phalguna, 1933 (Saka)

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*Minutes are not attached with the Cyclostyled version of the report

COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2011-12)

Shri Satpal Maharaj - **Chairman**

Lok Sabha

2. Shri Kamal Kishor `Commando`
3. Shri Harish Choudhary
4. Shri Varun Gandhi
5. Shri Sher Singh Ghubaya
6. Shri Ramesh Chandappa Jigajinagi
7. Shri Bhaskarrao Patil Khatgaonkar
8. Shri Ajay Kumar
9. Shri Mithilesh Kumar
10. Shri Sadashivrao Dadoba Mandlik
11. Shri Asaduddin Owaisi
12. Shri A.T. Nana Patil
13. Shri C.R. Patil
14. Shri Amarnath Pradhan
15. Shri Kadir Rana
16. Shri Adhalrao Patil Shivaji
17. Shri Mahabali Singh
18. Rajkumari Ratna Singh
19. Shri Uday Singh
20. # Vacant
21. *Shri Manish Tewari

Rajya Sabha

22. Shri Munquad Ali
23. Shri Naresh Gujral
24. Shri Avinash Rai Khanna
25. Prof. P.J. Kurien
26. Shri Mukut Mithi
27. Shri Mukhtar Abbas Naqvi
28. Shri T.K. Rangarajan
29. Shri M.V. Mysura Reddy
30. Shri Birender Singh
31. Shri Ram Kripal Yadav

Secretariat

1. Shri T.K. Mukherjee - Joint Secretary
2. Smt. Sudesh Luthra - Director
3. Shri Sanjeev Sharma - Deputy Secretary

Shri M. Rajamohan Reddy ceased to be a Member of the Committee w.e.f. 28.02.2012 consequent to his resignation from Lok Sabha.

*Nominated w.e.f. 02.03.2012

INTRODUCTION

I, the Chairman of the Standing Committee on Defence (2011-2012), having been authorised by the Committee to submit the report on their behalf, present this Fourteenth Report on 'Action Taken by the Government on the recommendations/observations contained in the Twelfth Report (Fifteenth Lok Sabha) on 'Demands for Grants (2011-2012)' relating to the Ministry of Defence.

2. The Twelfth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 3 August, 2011. The Ministry of Defence furnished their Action Taken Notes on 23 December, 2011.

3. The Report was considered and adopted by the Committee at their sitting held on 27 February, 2012.

4. For facility of reference and convenience, Recommendations/ Observations of the Committee have been printed in bold letters in the Report.

5. An analysis of Action Taken by the Government on the Recommendations/Observations contained in the Twelfth Report (Fifteenth Lok Sabha) of the Committee is given at Annexure.

NEW DELHI;
12 March, 2012
22 Phalguna (Saka)1933

SATPAL MAHARAJ,
Chairman,
Standing Committee on Defence

CHAPTER-I

REPORT

This Report of the Standing Committee on Defence deals with action taken by the Government on the recommendations/observations contained in the Twelfth Report (Fifteenth Lok Sabha) on Demands for Grants (2011-12), which was presented to Lok Sabha and laid in Rajya Sabha on 03.08.2011.

2. The Committee's Twelfth Report (Fifteenth Lok Sabha) contained 50 recommendations/observations on the following aspects: -

Para No.	Subject
1	Analysis of the overall allocation of the Ministry of Defence
2	Capital Outlay
3	Disproportionate quarterly spending pattern
4	Non-finalisation of LTIPP and Eleventh Plan
5	Married Accommodation Project (MAP)
6	Outcome Budget
7	Delegation of Financial and Administrative Power
8	Offset clause
9	Armed Forces Tribunal (AFT)
10 & 11	Defence Land
12	Optical Fibre Connectivity
13	One Rank One Pension (OROP)
14, 15 & 16	Construction of Border Roads
17	Budgetary Allocation for Army
18	Shortage of officers and the present system of selection
19, 20 & 21	Modernization of Army
22	Missiles and missile defence system
23	Sainik Schools
24	Jawans as Sahayaks to Officers
25 & 26	Pension to ESM who retired pre-independence period
27	Benefits to War Widows
28	Facilities to Medal Winners
29	Ordnance Factories
30	Analysis of the Budgetary allocation for Air Force

31 & 32	Shortage of officers and PBOR in Air Force
33	Accidents of Aircraft in Air Force
34 & 35	Accidents of MIG aircrafts
36	Investigation of cases of accident in Air Force
37	Synergy between HAL, DGAQA, Air Force and MoD
38	Setting up of crash laboratory and a wreckage museum
39	Transport fleet
40 & 41	Modernization of Air Field Infrastructure
42	DRDO
43	LCA and Kaveri Engine
44	Rama Rao Committee
45	Attrition of DRDO Scientists
46	Analysis of Naval Budget
47	Delay in acquisition and cost escalation thereto
48	Training base at INS Chilka
49	Fool proof coastal surveillance network
50	Anti Piracy Operations

3. Action Taken Replies have been received from the Government in respect of all the recommendations/observations contained in the Report. These replies have been examined and the same have been categorized as follows: -

(i) Recommendations/observations, which have been accepted by the Government (Please see Chapter II): -

Para Nos. 1, 3, 5, 7, 8, 9, 10, 11, 14, 16, 17, 19, 20, 21, 22, 29, 31, 34, 36, 39, 40, 41, 42, 43, 44, 45, 46, 48 & 49

(29 Recommendations)

(ii) Recommendations/observations, which the Committee do not desire to pursue in view of the replies of the Government (Please see Chapter III): -

Para Nos. Nil

(Nil Recommendation)

(iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration (Please see Chapter IV): -

Para Nos. 2, 4, 6, 13, 15, 23, 25, 26, 28, 32, 33, 35, 37 & 47

(14 Recommendations)

- (iv) Recommendations/observations in respect of which final replies of the Government are still awaited (Please see Chapter V): -

Para Nos. 12, 18, 24, 27, 30, 38 & 50

(07 Recommendations)

4. The Committee desire the Ministry's response to their comments made in Chapter-I of this Report be furnished to them at the earliest and in any case not later than six months of the presentation of this Report.

A. Capital Outlay

Recommendation (Para No. 2)

5. The Committee had recommended as under:-

"The Committee observe that the percentage expenditure under the capital section is declining over the years. The said percentage during the year 2007-08 was 39.02 which declined to 38.75 during the year 2008-09 and then to 36.07 percent during the year 2009-10. Not only that the major part of the allocation is being spent on the committed liabilities. To add to this the spending on the committed liabilities is increasing over the years and the expenditure on the new schemes is declining. The Committee conclude from the aforesaid scenario that the no. of new projects added over the years is declining. The Committee are of the view that the said ratio of the committed liabilities and the new schemes need to be studied carefully. While agreeing to the fact that the defence acquisitions are capital intensive and the committed liabilities may increase over the years with more and more acquisitions added every year, the Committee are of the view that besides meeting the committed liabilities, there is an urgent need to ensure that the no. of new projects added also do not decline. The Committee as such would like to recommend that adequate allocation should be provided particularly under the capital section so as to ensure that more and more new schemes are added every year besides meeting the committed liabilities."

6. The Ministry in its action taken reply has stated as under:-

"The requirement of the Services for capital modernisation as per their Perspective Plans, is projected to the Ministry of Finance. This takes into account not only the requirement for committed liabilities but also the requirement for new schemes. The actual allocation however depends on the allocation made by the Ministry of Finance."

Comments of the Committee

7. The Committee note from the reply furnished by the Ministry that the requirement of the services for Capital Modernization as per their Perspective Plans, which also takes into account the requirement for committed liabilities and requirements for new schemes have been projected to the Ministry of Finance. The reply furnished by the Ministry, in the opinion of the Committee is too general and does not throw light upon the intent of the recommendation. The Committee would like the Ministry to intimate them the details about the new projects which have been added in Perspective Plan in question. They would also like to be intimated separately about the projections made for committed liabilities vis-à-vis the new schemes. The Committee also feel that all out efforts be made to ensure that the release of outlays from the Ministry of Finance is in accordance with the projections made in this regard.

B. Non- finalisation of LTIPP and Eleventh Plan

Recommendation (Para No. 4)

8. The Committee had recommended as under:-

“The Committee have consistently been raising serious concern over non-finalisation of LTIPP 2012-27 and Eleventh Plan. So far as LTIPP is concerned, the Ministry has informed that it is in the process of ratification at COSC level and is likely to be approved before the commencement of the Twelfth Plan. With regard to Eleventh Plan, the plan size could not be finalized due to the difference of opinion between the Ministry of Defence and the Ministry of Finance, even when four years of the plan period have already passed and the projections for the last year of the Plan i.e. 2011 – 12 have already been finalized. What is more disturbing to the Committee is the fact that this is not the first time when the Five Year Plan could not be finalised. Tenth Plan too met with the same fate and it has become a continuous practice with the Defence Ministry. Further the Ministry has repeatedly been stating that annual acquisitions are subject to availability of annual budgetary allocations as a result of which modernization programmes of varying extent are being compromised. This trend is totally against the spirit of GoMs report on Reforming National Security System which state that Annual Plans should be strictly as per the five year plans. While expressing unhappiness over the adhocism in the whole planning process in Defence Ministry, the Committee strongly recommend that LTIPP should be

finalised without any further delay. Besides all the initiatives should be taken to ensure that the projections for Twelfth Plan are finalised well in advance so that the Twelfth Plan do not meet the fate of Tenth and Eleventh Plan.”

9. The Ministry in its action taken reply has stated as under:-

“1. LTIPP- The LTIPP 2012 – 27 is under final stages of preparation. It will be tabled at the next COSC for ratification and then at DAC for approval.

2. As far as the 12th Defence plan is concerned, the projections from JSOs, have been received and being perused by HQ IDS before vetting by MoD (Finance). The vetted inputs from Army have been received and the inputs from Navy and Air Force are awaited. Once all the inputs are received from all the services, the plan projection for the services would be consolidated and forwarded.”

Comments of the Committee

10. LTIPP 2012-27 which was in the process of ratification at COSC level as mentioned during the course of examination of Demands for Grants 2011-12 has now been stated to be under final stages of preparation. The Committee fail to understand how the said long term Plan which was at the stage of ratification can after the passage of almost six months can revert back to the stage of preparation and would like the Department to clarify the position in this regard. With regard to finalization of the Twelfth Plan as per the information furnished by the Ministry, the inputs from Navy and Air Force are still awaited which would be followed by consolidation and the projections for the Twelfth Plan. The Committee have their doubts about finalization and approval of the Twelfth Plan projections before the start of the Twelfth Plan keeping in view the fact that Twelfth Plan would commence shortly w.e.f 1 April, 2012. The Committee may like to emphasize that synchronizing of the Annual Plans with the Long Term Integrated Perspective Plans is imperative for strengthening National Security of the country. While deploring the tardy progress in finalization of LTIPP 2012-27 and Twelfth Plan, the Committee exhort the Ministry to take all initiatives so as to ensure that Twelfth Plan projections do not meet the fate of Tenth and Eleventh Plans. The Committee, therefore, would like the Ministry to ensure that LTIPP 2012-27 and Twelfth Plan projections are finalized and approved before the commencement of the Twelfth Plan i.e. 1 April, 2012.

C. Outcome Budget

Recommendation (Para No. 6)

11. The Committee had recommended as under:-

“The Ministry after continuous pursuance of the matter had agreed to attempt Outcome Budget in respect of Naval Dockyards besides National Cadet Corps and Married Accommodation Project (MAP) as communicated in the action taken replies to the Sixth Report of the Committee. The Committee are however, distressed to find that even after admitting the fact that there is great merit in adopting Outcome Budgeting, the Ministry now again find problems related to security of information, identification of outcomes in identifiable and measurable terms among others. The reasons adduced by the Ministry do not convince the Committee. This clearly depicts the unwillingness on the part of the Ministry to prepare Outcome Budget. The Committee once again recommend the Ministry to make positive attempt to prepare Outcome Budget.”

12. The Ministry in its action taken reply has stated as under:-

“The Outcome Budget documents for the year 2011-12 have been prepared by the identified organisations – DGMAP, DG NCC and Naval Dockyards. These documents are under examination by the concerned wings in the Ministry.”

Comments of the Committee

13. The Committee have strongly been recommending the Ministry to prepare Outcome Budget of the Ministry. After continuous pursuance of the matter, the Ministry had initially agreed to attempt Outcome Budget in respect of selected organizations as communicated in the action taken replies to the Sixth Report of the Committee. When the issue was raised during the course of examination of Demands for Grants of the year 2011-12, the Ministry’s response was not positive. Even when the issue was pursued strongly in the Twelfth Report, the action taken reply furnished by the Ministry does not indicate the status of preparation of Outcome Budget 2012-13 related to the financial year 2012-13 commencing from 1 April, 2012. To The surprise of the Committee the Ministry has now informed that the Outcome Budget documents for the year 2011-12 which would close by 31 March, 2012 have been prepared by the identified organizations and are under examination by the concerned Wings in the Ministry. The Committee fail to understand the relevance of preparation of

Outcome Budget 2011-12 which pertains to the year which is going to close on 31 March, 2012. The action taken reply clearly indicates the unwillingness on the part of the Ministry to prepare Outcome Budget.

14. The Committee would like to emphasize that Outcome Budget is an important document which ensures system of checks and balances, brings transparency and wins public trust and the achievements made by the Ministry are also scrutinized by virtue of being quantified. While deploring the attitude of the Ministry in this regard, the Committee reiterate their recommendation and would like the Ministry to prepare Outcome Budget 2012-13 positively and place before Parliament alongwith the Demands for Grants 2012-13.

D. Optical Fibre Connectivity

Recommendation (Para No.12)

15. The Committee had recommended as under:-

“The Committee observe that a fully secure and dedicated nationwide optical fibre network for Army & Navy was to be laid by MoC&IT. The supply order of the equipment was to be placed by 13 Aug 2010. However, this timeline has not been met by MoC&IT till date. The Committee desire the Ministry to complete the task in a time bound manner.

16. The Ministry in its action taken reply has stated as under:-

“An MoU on vacation of Spectrum was signed between MoD and MoC & IT on 22.5.2009. As per the MoU, MoC & IT was to lay out a fully secure and dedicated nationwide Optical Fibre Network for Defence, Promulgate Defence Band and Defence Interest Zone and Waive off spectrum usage charges for Defence in lieu of spectrum to be released by Defence. Consequent to the signing of the MoU, Full Telecom Commission (FTC) on 28.8.2009 constituted an Inter-Ministerial Group (IMG) for vetting the scope and specification of the Network. Defence Services prepared a report containing the scope of the project, System Requirements and Technical Specifications. M/s. BSNL prepared a Detailed Project Report (DPR) based upon this report. Subsequently, IMG submitted its report to FTC on 16.11.2009 and same was endorsed by FTC on 23.11.2009. The Cabinet Committee on Infrastructure (CCI) approved the IMG report on 3.12.2009 and earmarked Rs. 9175 Cr for the project NFS including Rs. 1077 Cr for AFNET. It was also directed by FTC that project should be implemented by BSNL and would be book transferred to

Defence Services on completion of the project. The PDC of the project was December, 2012.

Scope of Project as per MoU

Project NFS being implemented by BSNL, as part of MoU has following four distinct components :-

- (a) Tri-Services backbone network interconnecting 414 locations (Army 219, Navy-33 and Air Force – 162).
- (b) Army Access Network.
- (c) Naval Access Network.
- (d) Migration of AFNET of NFS Backbone.

In addition to the laying out of the fully secure and dedicated nationwide optical fibre network for Defence Services by MoC & IT, the following important tasks were also to be undertaken by Moc & IT in Aug 2010 :-

- (a) Promulgation of Defence Band and Defence Interest Zone for use of Electromagnetic Spectrum by Defence and Strategic Forces.
- (b) Waiver of Spectrum User Charges.

Progress

The tender documents for Tri-Services backbone OFC and Army and Naval Access OFC was floated by BSNL in Feb-Apr 2010. The tech-commercial evaluation of the bids for the tenders was carried out in Aug 2010 by a CET. As per the DPR, the cost estimate of only the OFC component for tri-Services backbone and Army & Naval Access Networks was Rs. 2000 Cr, whereas the L1 Quoted cost of the tenders was Rs. 7500 Cr. Due to this escalation in the cost, FTC on 30.11.2010, directed MoD to vet the user specification & requirements and BSNL to carry out its cost estimations based upon the Defence QRs. Reply of MoD on the issue was forwarded in February 2011 stating that since FTC itself had constituted IMG to define scope and specifications of the network, the technical issues be referred to IMG to firm up and authenticate the specifications.

Concerns of Defence Services regarding the delays in execution of MoU and for expediting project NFS were also communicated to Chairman E-GoM and Hon'ble Telecom Minister on 25.2.2011. Since the user specification and cost were worked out by an IMG, MoC & IT on 3.3.2011 reconvened the IMG to look further into the user requirements and cost estimates. Four meeting of IMG were held on 10.3.2011, 11.4.2011, 26.5.11 and 29.6.2011. The preliminary inputs in terms of sub system level user requirements and Schedule of Requirements (SoR) were handed over by Defence to BSNL on 13.4.2011. It was also decided that BSNL would do the costing based on the two documents and their implementation plan. Detailed SoR based on numerous technical interactions with BSNL were forwarded to BSNL on 25.5.2011. On 29.6.2011, IMG decided that a joint review of all the documents should be done by Defence and BSNL representatives. The Joint Review Report was signed by all representatives on 19.7.2011. The same was forwarded to BSNL on 20.7.2011 for carrying out cost estimates. It is learnt that BSNL has submitted the complete report including the cost estimates to IMG on 12.8.2011. The next and final meeting of IMG is scheduled on 19.8.2011.

The project is being implemented on Mission mode basis and would restart after the necessary approvals are taken by MoC&IT. BSNL is likely to complete the project within a time frame of 36 months post approvals.

Defence Band, Defence Interest Zone and waiver of Spectrum usage charges though agreed are yet to be promulgated/notified by MoC&IT.”

Comments of the Committee

17. Fully secured and dedicated nationwide optical fibre network for the services assumes special significance as it would not only enhance their operational capabilities and meet functional requirements but would also contribute substantially in the overall strengthening of the Defence forces. The Committee, while taking note of the progress made in this regard find that the final meeting of Inter-Ministerial Group (IMG) was scheduled to take place on 19.8.2011 for considering the report of BSNL including the cost estimates for the project. Treating this reply as interim in nature, the Committee would like to be apprised of the outcome of the meeting of the IMG which was scheduled to be held six months back. The Committee would also like to be apprised whether the necessary approval have already been taken by MOC&IT which, according to the reply of the Ministry is contingent for restarting the project. Since more than two and half years have elapsed when the MOU on vacation of spectrum was signed between MOD and MOC&IT, the Committee would atleast now like to be informed of a final date on which the project is to begin. Needless to say that the project should be completed within the stipulated timeframe of 36 months without any time and cost escalations consequent to the commencement.

18. Another area of concern is the non-promulgation/notification of the Defence Band, Defence Interest Zone and waiver of Spectrum usage charges by MOC&IT. The Committee fail to understand the delay in promulgation/notification particularly when the issues have been settled and agreed to by MOC&IT. The Committee therefore, recommend expeditious promulgation of the same as this step is deemed imperative for commencement of the project and is also a technical requirement which cannot be forgone. Once the needful is done by the Ministry, the Committee would like to be informed accordingly.

E. One Rank One Pension.

Recommendation (Para No. 13)

19. The Committee had recommended as under:-

“The Committee have consistently been recommending ‘One Rank One Pension’ to ex-servicemen in their various reports. ‘One Rank One Pension’ as informed by the Ministry implies that uniform pension be paid to the armed forces personnel retiring in the same rank with same length of service irrespective of their date of retirement and any future enhancement in the rate of pension be automatically passed on to the past pensioners. Pursuant to the recommendation of the Committee, a Committee was set up under the Chairmanship of Cabinet Secretary to look into the issue of ‘OROP’ and other related matters. Based on the recommendation of the Committee, the pensionary benefits of ex-servicemen including disabled ex-servicemen have considerably been improved by the implementation of seven recommendations of the Committee. The Committee in the Sixth Report had emphasized to pay various emoluments due to various benefits provided to the ex-servicemen in pursuant to implementation of the recommendations of the Committee headed by the Cabinet Secretary alongwith the arrears, if any, expeditiously. The Committee note that 26 Public Sector Banks and 4 private sector Banks have confirmed that they carried out disbursement of revised pension alongwith the arrears to almost 14 lakh pensioners.

The Committee find that even after implementation of the aforesaid seven recommendations of the Committee headed by the Cabinet Secretary, the demand of ex-servicemen for One Rank One Pension still persists. In this connection when the issue was deliberated during the course of examination for Demands for Grants, the Committee have been informed that One Rank One Pension was not accepted by Fourth and Fifth Central Pay Commission, Inter-Ministerial Committee, 2003 and GoM set up in January, 2005 due to administrative, financial and legal reasons. The Committee have now been informed that there is no deadline as to when ‘OROP’ would be implemented as a very conscious and deliberate decision based on historical facts, legal opinions and concrete judgements has been arrived at by the Government that considerable enhancement in the pension of all ranks has been given and it cannot be hundred percent. With regard to the financial implications, the Committee’s examination reveal that the Ministry is not firm about the required outlay for the purpose. During the course of deliberations on Demands for Grants of this year, the representative of the Ministry of Defence has submitted that the financial implication may be Rs. 3500 crore minus Rs. 2200 crore (Rs. 2200 crore is the financial implication for implementation of seven recommendations) that come to Rs. 1300 crore. The Committee have further been informed that the approximate figure of Rs. 1300 crore is per annum and not since the beginning of the period that has to be reckoned for the purpose of One Rank One Pension. The Committee during the course of deliberation on the Demands for the Grants of the previous year had been informed that the

financial expenditure would be to the tune of Rs. 8,000 crore to Rs. 9,000 crore per annum if One Rank One Pension is implemented.

The Committee understand that one of the administrative difficulties is availability of records. As informed by the Ministry, CGDA has computerized records from the date since the year 1989 and several records because of the retention schedule have been destroyed. The Committee find that even when Ministry of Defence may not have maintained the records, such records seen to have been available with Banks which as stated by the Ministry have reimbursed enhanced pension to approximately 14 lakh pensioners with the implementation of aforesaid seven recommendations. As such the problem of records can be addressed in coordination with the Banks. The Committee would again like to emphasize that even when implementation of the seven recommendations has improved pension to some extent, the demand of One Rank One Pension of the ex-servicemen still persists. As such the Committee maintain their earlier stand and would like the Government to implement One Rank One Pension so that a large number of ex-servicemen can be benefited."

20. The Ministry in its action taken reply has stated as under:-

"Pension improvement is an ongoing process and considerable improvements have been made in the pensions of armed forces personnel.

2. The Group of Ministers (GoM) had in 2005 improved the pensionary benefits of Personnel Below Officer Rank (PBORs). On the recommendations of PMO, a Committee was set up under the Chairmanship of Cabinet Secretary in June, 2009 to look into the issue of 'One Rank One Pension and other related matters'. After considering all aspects of the matter, the Committee keeping in mind the spirit of the demand, suggested several measures to substantially improve pensionary benefits of Personnel Below Officer Rank (PBOR) and Commissioned Officers, which have been accepted by the Government and orders for implementation of all the recommendations have been issued. These are available at www.pcdapension.nic.in.

3. In the recent past many benefits have been exclusively extended on the Defence side. The Military Service Pay is exclusive to the Armed Forces. Moreover, the New Contributory Pension Scheme has been introduced on civil side but has not been extended to the Defence personnel, who are still covered under defined pension. The promotion prospects of the Officers have also been improved to a great extent with implementation A.V. Singh Committee Report. Pre-2006 PBORs have been extended the benefit that their pension is consolidated on the maximum of their pre-06 pay scales which has bridged the gap between the pre and post 2006 PBOR pensioners to a large extent.

4. The implementation of recommendations of the Standing Committee is being reviewed on regular basis so that maximum pensionary benefits are extended to the Ex-servicemen. "

Comments of the Committee

21. The Committee take note of the measures taken by the Ministry to mitigate the problems of pensioners and issuing of the orders for implementation of the recommendations of the Committee setup under the Chairmanship of Cabinet Secretary to substantially improve pensionary benefits of Personnel Below Officers Rank (PBOR) and Commissioned Officers. These orders are in the public domain through the website.

22. The issue of One Rank One Pension has continuously being recommended and pursued by the Committee in the various reports. The Committee appreciate the response of the Ministry whereby it has been stated that the implementation of recommendations of the Committee is being reviewed on regular basis so that maximum pensionary benefits are extended to the ex-servicemen. With regard to the financial implication in implementation of One Rank One Pension, the Committee at several occasions have been apprised of different cost estimates. At one place, the estimates have been stated to be Rs. 1300 crore per annum approximately which do not take into account the period since the beginning that has to be reckoned for the purpose of One Rank One Pension as stated by the Ministry. Another estimate presented before the Committee is the approximate figure of Rs. 8000 crore to Rs. 9000 crore per annum. The Committee may like to emphasize that financial implication for implementation of One Rank One Pension should be worked out clearly. While reiterating the Committee's stand, the Committee again strongly recommend the Ministry to implement One Rank One Pension expeditiously so that a large number of ex-servicemen are benefitted.

F. Construction of Border Roads

Recommendation No. (Para No. 15)

23. The Committee had recommended as under:-

“The Committee in their Eighth Report (Fifteenth Lok Sabha) on ‘Construction of roads in border areas of the country’ had strongly emphasized for fast track procedures for forest and wildlife clearances for construction of border roads.

In spite of that as per information provided by the Ministry of Defence, 193 forest/wildlife clearance proposals in respect of high priority roads/strategic roads are still pending with various authorities. During the oral evidence, the Defence Secretary has also admitted that environment clearance is the main issue in delay in construction of roads. While reiterating the recommendations made in the aforesaid Eight Report for streamlining forest /wildlife clearances, the Committee recommend to form a core group of officers from the Ministries involved in forest/wildlife clearances so as to expedite the process of such clearances.”

24. The Ministry in its action taken reply has stated as under:-

“To fast-track pending forest clearance cases MoEF has established single window Clearance system at three levels – MoEF, State Government and district. Further it has simplified the forms required to be filled up for obtaining forest clearance. A unified form has now been designed to process simultaneously both forest clearance as well as wild life clearance cases. Regular review meetings are held at a high level in MoD alongwith representatives of concerned States to resolve pending cases. The issue of dispensing with the need for wildlife clearance for the roads falling within 50 Kms of the border is being pursued. An Interlocutory Application has already been filed in the Supreme Court of India to exempt strategic roads within 50 Km of International border/LAC from relevant Acts relating to Forest and Wildlife. Further Ministry of Home Affairs is also finalizing a Bill for exemption of strategic roads from relevant provisions of forest and wildlife enactments. Joint inter-departmental monitoring team has been setup in Arunachal Pradesh to further speedup the Forest Clearance.”

Comments of the Committee

25. The Committee find that whereas the Ministry in the action taken note has enumerated various initiatives taken/being taken to fast-track the procedure for forest and wild life clearances with regard to construction of border roads, the specific issue raised in the recommendation i.e. to form a core group of Officers from the Ministries involved in forest/wild life clearance has not been responded at all in the action taken note. The Committee would like the specific response of the Ministry with regard to the aforesaid recommendation made by the Committee.

26. The various initiatives taken by the Ministry with regard to the forest and wild life clearances in respect of the border roads as enumerated in the action taken note include single window clearance system at MOEF, State

Governments and Districts; unified form for forest and wild life clearance; regular review meetings at high level in MoD. The Committee appreciate the aforesaid initiatives. The Ministry has also indicated some of the initiatives being pursued/under-consideration which include filing of an Interlocutory Application in the Supreme Court to exempt strategic roads within the 50 Kms of international border/LAC from relevant Acts relating to forest and wild life, finalization of a Bill with the Ministry of Home Affairs for exemption of strategic roads from relevant provision of forest and wild life enactments. The Committee would like the Ministry to pursue with the Supreme Court and the Ministry of Home Affairs so that the exemption from the Supreme Court is obtained and the Bill is finalized and introduced in Parliament which would certainly help in expediting construction of roads and infrastructure in border areas which is the strategic requirement. The Committee further note from the action taken note that in Arunachal Pradesh Joint Inter-Departmental Monitoring Team has been set up to further speed up the forest clearance. The Committee appreciate the aforesaid initiative of the State Government and would like the other border States to replicate the model of Arunachal Pradesh. The Ministry of Defence should take up the issue in this regard with the concerned State Governments/UT Administrations.

G. Sainik Schools

Recommendation No. (Para No. 23)

27. The Committee had recommended as under:-

“While noting that the administration of Sainik Schools is ailing from variety of maladies, the Committee have consistently been recommending that entire funding of all Sainik Schools should be made by the Central Government on the pattern of Kendriya Vidyalayas. The Ministry’s stand in this regard has been that Sainik Schools are conceived as a joint venture of the Central Government and State Governments. When the issue was again raised during the course of the examination of Demands for Grants of this year, the recommendation does not seem to be agreeable to the Ministry. The Secretary of the Ministry during the course of the deliberations emphasized that it is Bhagidari with the States which is forcing the Ministry to share expenditure with the States. The Secretary further elaborated that the Centre-State share was 50-50 and now in some States the Centre’s share has been increased to sixty per cent. In this connection, the committee would like the Ministry to furnish the name of the

States which are finding it difficult to bear the finances involved in running these schools. Besides the Committee would also like to be apprised about the name of the States in which case the Centre share has been increased from 50 to 60 per cent as stated by the Secretary.

The Committee may again like to emphasize that Sainik Schools have always played a unique role as a recruiting and training ground of future officers of the forces. As such there is an urgent need to look into the concern of various States with regard to meeting the desired expenditure in running the schools. As acknowledged by the Secretary, the expenditure of running Sainik Schools is just Rs. 50 to 60 crore which can easily be born by the Central Government. As far as the concept of Bhagidari is concerned, the States are already providing land for these schools. To further ensure the State's involvement in running these schools, the Committee recommend that the Centre funding may further be increased to 90 per cent. 10 per cent funding by the State Governments as well as their bearing the land part would be sufficient to justify the Bhagidari concept. Moreover this would also address the issue of some of the States who are not able to bear the working expenditure of these schools."

28. The Ministry in its action taken reply has stated as under:-

"The recommendation of the Standing Committee has been examined in detail. It is submitted that the Sainik Schools are conceived as joint ventures of Central Government and the State Governments set up primarily with the aim to remove regional imbalance in officer cadre of armed forces. 67% of the seats in each Sainik School are reserved for boys from the state in which the Sainik School is located to attract children of that state/region into the armed forces.

2. Sainik Schools are unique assets of the State Governments. They provide land free of cost, build and maintain the school infrastructure. In addition, they award scholarship on merit-cum-means basis. The importance, therefore, of the role of the State Government in running the School should not be done away with.

3. Ministry of Defence provides three service officers and the APTCC/NCC instructors to the Sainik Schools besides scholarships to the cadets. There is no fixed ratio in financial terms between Centre and State Governments.

4. Sainik schools were expected to be financially self-sufficient institutions. These depend mainly on fees paid by the parents. It is seen that the schools that are regularly getting funds from the State Governments are better run. The schools such as Bijapur & Kodagu (Karnataka), Ghorakhal (Uttarakhand), Gopalganj & Nalanda (Bihar) and Kunjpura (Haryana) are getting regular funds from respective State Governments. The Schools such as Balachadi (Gujarat), Chittorgarh (Rajasthan), Goalpara (Assam), Nagrota (J&K) & Rewa (Madhya Pradesh) are not getting regular funds from respective State Governments. Without diluting the responsibilities of the State Governments, the Centre has steadily increasing its contribution and investment towards

Sainik Schools. There are three States having two Sainik Schools and hence the contribution of Central Government is more in these States.

5. The Ministry of Defence has provided grants-in-aid of Rs. 73.10 crore (including 44 crores to then 22 Sainik Schools @ Rs. 2 crore for infrastructural improvement), 55.00 crore and Rs. 59.00 crore during the financial year 2008-09, 2009-10 and 2010-11 respectively. The grants-in-aid provided by the Ministry of Defence includes Scholarship and subsidy to the cadets, training grants, 80% of additionality of implementation of recommendations of 6th Pay Commission on account of pay and allowances and pensions of employees of Sainik Schools and improvement of infrastructure.

6. Recently, Ministry of Defence has initiated following steps:-

(1) Enhancement of Defence Scholarship from Rs. 10,500/- per annum to Rs. 32,000/- per annum to Non Commissioned Officers and other ranks and from Rs. 5250/- per annum to Rs. 16000/- per annum to Junior Commissioned Officers w.e.f. financial year 2010-11.

(2) Increase in subsidy amount provided to all categories of cadets on tuition fee and dietary charges from Rs. 10,000/- to Rs. 16,000/- (approx.) w.e.f. financial year 2010-11.

(3) Provide 100% additionality on account of implementation of recommendations of 6th Pay Commission in respect to pay and allowances of employees of Sainik Schools as grants-in-aid.

(4) Provision of Grants-in-aid of Rs. One Crore annually to each of the 24 Sainik Schools for infrastructure and modernization. The modalities for utilizing this grant are being prepared for improving the schools without diluting the responsibility of the State Governments towards them.”

Comments of the Committee

29. The Committee are dismayed to note that the Ministry is portraying the same set of reply in regard to enhance funding for the Sainik schools by the Central Government. So far, Ministry has not initiated any step for implementing the recommendation of the Committee. Although, the Committee have separately taken up the subject ‘Critical Review of Functioning of Sainik Schools’ for detailed examination and report, nevertheless, they would like to reiterate their earlier recommendation that the central share of expenditure in running the Sainik Schools be increased up to 90 per cent.

H. Pension to ESM who retired pre – independence period

Recommendation Nos. (Para Nos.25 &26)

30. The Committee had recommended as under:-

“The Committee note that World War I & II veterans at present are being provided some sort of financial assistance. As per the written note of the Ministry, State/UTs, have been approached by the Department of Ex-servicemen Welfare for enhancing the financial assistance to a minimum level of Rs.3000 per month. As such some of the States have increased the amount and the financial assistance differ from States to States depending upon their financial resources. From the aforesaid position, it seems that these world war veterans may also be getting financial assistance even less than Rs. 3000 per month. The Committee in this regard would like to be apprised of the details of the financial assistance being provided to these veterans State/UT wise.”

31. The Ministry in its action taken reply has stated as under:-

“The detail of Financial Assistance being provided to the World War Veterans State/UT wise is given at Annexure I. State Governments have already been requested by the Central Government to enhance the Financial Assistance to World War Veterans to at least to Rs.3000/- Per Month, and the matter is being perused with State Governments.” **(Para No.25)**

32. The Committee had recommended as under:-

“The Ministry has stated that there are 43362 World War II veterans. World War happened in 1939 to 45. If the average age of the veterans at the time of World War is presumed as 20 years, average age of veterans today would be approximately 90 years plus. Keeping in view the aforesaid position, the data furnished by the Ministry do not seem to be realistic. The Committee feel that only few veterans that too with regard to World War II may be alive. As such there is an urgent need to ensure that these veterans live with dignity at the fag end of their life. Even if it is considered that all States are paying as Rs. 3000 per month, the Committee consider it a petty amount more so when the veterans are not provided facilities like ECHS, CSD canteen. The Ministry should collect the data of such veterans State/UT wise and should ensure that adequate financial

assistance and other facility like ECHS, CSD canteen admissible to other armed forces personnel be given to them.”

33. The Ministry in its action taken reply has stated as under:-

“The data pertaining to the number of World War Veterans is compiled by the Kendriya Sainik Board/Directorate General of Resettlement through Rajya Sainik Boards & Zila Sainik Boards. Because of constraints of manpower and budgetary support to these Boards, there is no mechanism in place to conduct extensive census to determine the number of these World War Veterans and data is based on the voluntary registration by the individuals with respective Rajya Sainik Board/Zila Sainik Board. However, in view of the specific direction of the Committee, Kendriya Sainik Board/Directorate General of Resettlement have been advised to undertake afresh the process of collection of data in respect of WW II Veterans, which would help in determining the quantum of budgetary support required for extending financial assistance to them.

World War II Veterans have already been made entitled to the facility of CSD Canteen. However, ECHS facility is restricted only to those Ex-Servicemen who are in receipt of pension.” **(Para No. 26)**

Comments of the Committee

34. **The Committee are concerned to note that despite efforts made by the Ministry only seven States have improved financial assistance in respect of World War-II veterans. Not only that in some States financial assistance is as meagre as Rs. 200 per month and three State are not providing even a single rupee to the World War-II veterans or their widows. Therefore, the Committee recommend that Ministry of Defence should take up the issue in order to adopt a uniform policy to give enhanced pension/financial assistance to the veterans so to make their life comfortable at the fag end of their life.**

35. **The Committee are further concerned to note that the data with regard to the financial assistance to World War-I veteran has not been furnished to the Committee at all. The status in this regard should be obtained from the State Governments and furnished to the Committee. The Committee may also like to emphasize that a centralized data with regard to all World War-I and World War-II veterans should be maintained and placed under public domain which would not only be beneficial for resolving issues concerning pension etc. but also transfer the history to the next generations to come.**

I. Facilities to Medal Winners

Recommendation No. (Para No.28)

36. The Committee had recommended as under:-

“The Committee note that Sena Medal is ranked higher in the Order of Precedence than Police Medal for Gallantry and the awardees of Police Medal for gallantry have been allowed 75% concession on basic air fare by Indian Airlines, and free II AC/Sleeper travel along with a companion by Railways. No such concession has been extended to Sena/Nao/Vayu Sena Medal awardees by the Air India/Railway Board. The Committee also note that the Ministry has taken up the matter regarding parity in rail concessions with the Railway Board.

Considering the fact that Sena Medal awardees are ranked higher in the Order of Precedence than Police Medal for gallantry and both the medals are given for same types of valour, therefore, the Committee desire that awardees of all three types of sena medal i.e. Sena/Nao/Vayu should also be given facilities/concessions in rail and air travel as provided to the winners of police medals”.

37. The Ministry in its action taken reply has stated as under:-

“In so far as para 28 (Facilities to Medal Winners) of Recommendations of Standing Committee on Defence contained in 12th Report is concerned, it is hereby informed that the President’s Police Medal for Gallantry awardees have been provided with complementary railway passes while Sena/Nao Sena/Vayu Sena Medal gallantry awardees of the Armed Forces who rank higher in the order of Precedence than the President’s Police Medal for Gallantry awardees have been denied this facility. The matter has been taken up with Railway Board on few occasions in past at the level of Defence Secretary and Special Secretary. However, no fruitful outcome has been achieved yet.

Air travel concession is being extended to the awardees and their widows. However, the issue of grant of air travel concession to next of kin of unmarried posthumous awardees was taken up with Air India. Air India expressed their inability to accede additional request for grant of air travel concession to any category of awardees other than Bravery Level I & II awardees, who are already in receipt of the air travel concession. It was further intimated that in pursuance of a decision taken in the Meeting of Secretaries held on 05th March, 2003 all pending and future requests for concession would be processed by

them on the basis of reimbursement of subsidy by the Ministry sponsoring the request/concession. In this connection a copy of their Reply No. HCD/8-R/70 dated 03 Dec 2010 is also enclosed.”

Comments of the Committee

38. The Committee are dismayed over the fact that President’s Police Medal for Gallantry awardees have been provided with complementary railway passes while Sena/Nao Sena/Vayu Sena Medal Gallantry awardees of the Armed Forces who rank higher in the order of Precedence than the President’s Police Medal for Gallantry awardees have been denied this facility and despite taking up the matter with Railway Board no fruitful outcome has been achieved. Therefore, the Committee once again reiterate that the matter should be taken up at the highest level in the Ministry of Railways so that the awardees of Sena/Nao Sena/Vayu Sena medals should also get the same level of facilities.

39. In regard to agreeing with air travel concession to next of kin of unmarried Posthumous awardees, the Committee have now learnt from the reply furnished by the Ministry that in pursuance of a decision taken in the meeting of Secretaries held on 5th March, 2003 all pending and future requests for concession would be processed by the Air India on the basis of reimbursement of subsidy by the Ministry sponsoring the requests/concession. While appreciating the decision taken at the aforesaid sitting of the Secretaries the Committee fail to understand the delay in extending air travel facility to the next of kin of unmarried posthumous awardees.. The Committee, therefore, in no uncertain terms recommend that matter be taken up with Ministry of Civil Aviation/Air India expeditiously for extending the travel concession for sena medal awardees for undertaking air travel and decision be taken by the Ministry of Defence for reimbursement of subsidy from their own funds head in order to resolve this long pending issue.

J. Shortage of Officers and PBOR in Air Force

Recommendation (Para No.32)

40. The Committee had recommended as under:-

“With regard to the shortage of officers, the Committee note that out of the deficiency of 828 officers 414 is for pilots. The Committee during the course of deliberations have been informed that the proposal with regard to considering NCC Cadets and pilots with civil license for recruitment in Air Force is under consideration. The Committee has also been informed that the basic qualification requirement is not being diluted. The Committee feel that there may be sufficient number of NCC Cadets and pilots with civil license which may meet the basic qualification requirement of Air Force and by taking the decision in this regard, Air Force may be able to recruit some additional pilots. The Committee as such strongly emphasize to take early decision in this regard.”

41. The Ministry in its action taken reply has stated as under:-

“(a) The shortage of officers in IAF, as on 01 August, 2011 is 763, out of which 408 are pilots.

(b) There has been a concerted effort to induct more NCC cadets as officers in all the branches of the IAF. To enhance the induction of NCC cadets a Fast Track Selection (FTS) based on the campus placements process in respect of NCC cadets was conducted in October 2010. In this FTS, a total of 35 NCC cadets were recommended for second phase of testing. In January, 2011, a motivational lecture and a FTS for NCC cadets was also conducted during the Republic day Camp. All efforts are being made to motivate NCC cadets to join the IAF.

(c) The Indian Air Force gives two years age relaxation to candidates who are holding current Commercial Pilot’s Licence (CPL) issued by DGCA (India) for induction into Short Service Commission of Flying Branch. The upper age limit for CPL holder candidates is relaxed to 25 years, whereas for the other candidates it is 23 years.”

Comments of the Committee

42. The Committee’s main concern in the aforesaid recommendation was with regard to the shortage of officers in Indian Air Force in the rank of pilots. As such the Committee had strongly emphasized to take early decision on the

proposal of the Government with regard to considering NCC cadets and pilots with civil license for recruitment in Air Force, even if the criteria of not diluting the basic qualification is insisted. The Ministry has not adequately responded to the aforesaid recommendation of the Committee. The Committee may again like to emphasize that there may be sufficient number of NCC cadets and pilots with civil license which may meet the basic qualification requirement of Air Force. As such, the decision in this regard should be taken expeditiously so as to enable Air Force to fill in as many as 408 vacancies of pilots.

K. Accidents of MIG aircrafts Aircraft in Air Force

Recommendation (Para No.34)

43. The Committee had recommended as under:-

“The Committee find from the information made available by the Ministry that accident rate in MIG aircraft is rather more high. 476 MIG aircrafts so far have met the accidents and the remaining fleet is 470 aircraft. Thus, more than 50 percent MIG aircraft have already met with accidents. The Ministry has acknowledged that majority of technical defect accidents pertain to old technology aircraft. Problems associated with vintage technology especially aero engine malfunctions MIG-21 and MIG-27 are more pronounced. The Committee have further been apprised that these aircraft have even been phased out of the Russian Air Force like MIG-27 and we are only Air Force in the world which is flying this aircraft now. In the aforesaid scenario, the Committee may like to strongly emphasize that all the initiatives should be taken to ensure that planned acquisitions of aircraft are in place within the stipulated time frame so that these old MIG aircraft can be phased out as early as possible.”

44. The Ministry in its action taken reply has stated as under:-

“Policy regarding extensions of Life Span of an aircraft system

(a)The Original Equipment Manufacturer (OEM) of any aircraft assigns initial life and outlines maintenance cycle based on the design parameters. However, upon exploitation of the aircraft, large amount of data is collected to predict optimum life and maintenance cycle. The life extension provided to an aircraft is based on the results obtained from the ‘ Reliability Analysis’ of the failure data of similar aircraft. The findings of the reliability study are translated into life extensions, modifications, changes in Standard Operating Procedures. Thus life extension of an aircraft is an acceptable norm in order to optimally utilize safe

operating life of the aircraft. In all lifing studies OEM/RCMA /CEMILAC/NAL/HAL designs departments etc., are involved.

Review of life of existing fleet and induction of new fleet by its replacement is a continuous process, and a decision in this regard is based on operational requirements of the Defence forces.”

Comments of the Committee

45. The Committee while taking note of the fact that 476 MIG Aircrafts i.e. 50 per cent of the total MIG fleet have already met with accidents had strongly recommended to take all the desired initiatives to ensure the timely plan acquisition of Aircrafts so that these old MIG Aircrafts can be phased out expeditiously. The Ministry instead of addressing to such a serious issue has stated in a very casual way that review of life of existing fleet and induction of new fleet by its replacement is a continuous process. The Ministry has also stated that life extension of an aircraft is an acceptable norm in order to optimally utilize safe operating life of the aircraft. In all lifing studies OEM/RCMA/CEMILAC/NAL/HAL designs departments etc., are involved, the reply is silent on the consultation held with the Original Equipment Manufacturer (OEM) of the specific initial aircraft who determine the initial life of the aircraft. The aforesaid response of the Ministry clearly indicates that adequate measures are not being taken to phase out MIG Aircraft even when the Ministry during the course of oral evidence in the context of examination of Demands for Grants had acknowledged that problems associated with vintage technology especially aero engine malfunctions MIG-21 and MIG-27 are more pronounced and these Aircrafts have even been phased out of the Russian Air Force like MIG-27 and we are the only Air Force in the world flying these Aircraft now. While disapproving the way such an important issue has been addressed by the Ministry, the Committee would like to reiterate their concern and emphasize that all out measures should be taken to ensure that planned acquisition of Aircraft are in place within the stipulated timeframe so that these old MIG Aircraft can be phased out as early as possible.

L. Modifying the system of purchases of aircraft and the comparative study of acquisition of defence aircraft in various country

Recommendation (Para No.35)

46. The Committee had recommended as under:-

“The detailed deliberations with the representatives of MoD and Air Force in the context of examination of Demands for Grants has revealed that the Ministry did not have the information with regard to the rate of accidents of MIG aircraft in the manufacturing countries as well as the other countries which have purchased these aircraft. The Secretary has acknowledged that Russian are extremely reluctant to share certain information. The Committee feel that the selling countries not divulging the vital information is a matter of serious concern. Our system of making purchases without making the selling country binding for sharing such information is to be blamed in the aforesaid scenario. As such, the Committee strongly recommends that in all the future purchases the condition to mandatorily sharing the information with regard to the accidents and helping us in case of technical defect should be inbuilt in the agreement itself. Besides, the Ministry and Air Force should try to gather the information about accidents of various types of aircraft through our intelligence mechanism so that a comparative study can be made which definitely help the country in taking corrective action to check the rate of accidents.”

47. The Ministry in its action taken reply has stated as under:-

“With regard to the directions mentioned in the para that ‘All the future purchase the condition to mandatorily share the information with regard to the accidents and helping us in case of technical defect should be inbuilt in the agreement itself’ . It may be stated that while there are ‘product support’ clauses in the standard RFP (para 11) and the standard contract document(Article 30) of Defence Procurement Procedure,2011 it does not necessarily require giving of information relating to accidents.”

Comments of the Committee

48. While taking note of the high rate of accidents of MIG Aircrafts, the Committee had strongly recommended that in all future purchases the condition to mandatorily sharing the information with regard to accidents and helping us in case of technological defects should be in-built in the agreement itself. The Ministry instead of taking the concrete action in this regard has in a vague

manner stated that Procedure 2011 does not necessarily require giving of information relating to accidents. With regard to the issue regarding helping the selling country to the buyer country in case of technological defects, the clear response has not been given. The Ministry has stated that there are 'product support' clauses in the Standard RFP (Para 11) and the Standard Contract Document (Article 30) of Defence Procurement Procedure, 2011.

49. The Secretary during the course of examination of Demands for Grants has acknowledged that Russians are extremely reluctant to share certain information. In this background, the Committee would like to reemphasize that our system of making purchases without making the selling country binding for sharing certain information is to be blamed for the selling country not divulging the vital information. While expressing unhappiness over the way the issue has been dealt with by the Ministry, the Committee would like to reiterate their earlier recommendation and desire the Ministry to make amendments to our defence procurement procedures so that the condition to mandatorily sharing the information with regard to accidents and helping us in case of technological defects is in-built in our purchase agreements itself. Besides, as recommended earlier, the Ministry and Air Force should try to gather the information about accidents of various types of aircrafts through our intelligence mechanism so that a comparative study can be made which would definitely help the country in taking corrective action to check the rate of accidents.

M. Synergy between HAL, DGAQA, Air Force and MoD

Recommendation (Para No.37)

50. The Committee had recommended as under:-

"The Committee from the detailed information made available by the Ministry with regard to the reasons of accidents of aircraft in Air Force note that in some of the cases HE/HAL (Human Error /Hindustan Aeronautics Limited) and TD/HAL (Technical Defect / Hindustan Aeronautics Limited) has been given as the reason for the accident. Besides, the Ministry in the written note has acknowledged that inadequacy of quality checks / assurances for the aircraft

services / overhauled / produced at Hindustan Aeronautics Limited need to be addressed on priority. Not only that the Ministry has also stated that the process of enforcing quality assurances by Director General Aerospace Quality Assurances (DGAQA) further need to be strengthened. The Committee while taking note of the areas of concern may like to urge that these issues need to be taken up with HAL and DGAQA on an urgent basis. Besides, there is an urgent need to synergize the efforts made for flight safety amongst the various agencies viz. HAL, DGAQA, Air Force and MoD. The periodicity of quality checks may further need to be reviewed.”

51. The Ministry in its action taken reply has stated as under:-

“Quality Assurance in aviation industry is of utmost importance and thus takes a prime place. Quality Checks and Audits of HAL are being carried out regularly or on specific requirement by joint IAF, CEMILAC, DGAQA and HAL teams and all important quality issues are addressed. Additional IAF officers have been posted to strengthen DGAQA organization.”

Comments of the Committee

52. **The Committee are surprised to note that even when the Ministry during the course of examination of Demands for Grants 2011-12 has itself acknowledged inadequacy of quality checks/assurances for the aircraft services/overhauled/produced at Hindustan Aeronautics Limited, the action taken note furnished by the Ministry indicates a sense of complacency with regard to the quality assurances. The Committee had noted from the information made available by the Ministry that in some of the cases HE/HAL (Human Error/Hindustan Aeronautics Limited) and TD/HAL (Technical Defect/Hindustan Aeronautics Limited) has been given as the reason for the accidents. While expressing unhappiness over the way the Ministry has acted on the serious issue raised by the Committee in the recommendation, the Committee may again like to emphasize to take up the aforesaid issue with HAL and DGAQA on an urgent basis. Besides, as recommended in the earlier recommendation there is an urgent need to have organizational mechanism to synergize the efforts made for flight safety amongst the various agencies viz. HAL, DGAQA, Air Force and MoD. The periodicity of quality checks may also need to be reviewed as recommended earlier. The Committee while reiterating their earlier recommendation would like the Ministry to take the concrete**

initiatives on each of the suggestions made and informed the Committee accordingly.

N. Delay in acquisition and cost escalation thereto

Recommendation No. (Para No.47)

53. The Committee had recommended as under:-

“The Committee finds from the information made available by the Ministry that delivery schedule in respect of some of the important projects of Navy has been revised resulting into huge cost escalation. Some of the delayed projects in this regard are Gorshkov, P-15, P-15A and P-17. The analysis of the data furnished by the Ministry indicates that cost escalation in respect of Gorshkov, P15, P-15A and P-17 has in fact been four times of the initial estimated cost. While deploring the delay in acquisition of some of the important projects, the committee strongly recommended that all the precautions should be taken so as to ensure the delivery of important projects is not further delayed and the projects are delivered by revised indicated dates. The Committee may also like to be informed about the specific reasons for delay of the said projects.”

54. The Ministry in its action taken reply has stated as under:-

1. “Gorshkov. The induction of the Gorshkov/Vikramaditya is re-scheduled due to the necessity to carry out additional works for renewal of almost all equipment/systems, hull structures, cabling and application of long-life paint to afford greater protection to the ship’s steel plating. The delivery date of the ship has been revised to December, 2012 with attendant revision in prices. However, the additional works have increased the service life of the Carrier significantly which will now be similar to the service life of a new Aircraft Carrier.

2. Project P-15 - P-15 was the first platform of the size of a destroyer to be indigenously designed and built and commissioning of the Delhi Class of ships was a landmark achievement for the nation. The major reason for delay in completion of the project were as follows:-

(a) M/s MDL had not built a ship of this complexity and there was a necessity to integrate weapons and sensors of different origin on board the ship.

(b) The weapons, sensors and propulsion system of three ships were predominantly of Soviet origin. After the collapse of the Soviet Union, delivery and installation of these systems was adversely affected which caused major slippages in timely completion.

3. Project P-15A – The initial government sanction for Rs. 3580 crore accorded in May, 2001, was only an estimate which was based on the P-15 cost at 1999 price level (without taking inflation into account). At the time of seeking initial sanction, it was stated that the cost of weapons & sensors would be finalised closer to the date of construction so as to avoid obsolescence. This was the first stage sanction. Therefore, the revised government sanction of Rs. 11662 crore accorded in Feb, 2006, is not an escalation but a revision to the cost. Some of the factors that caused time delays and revision of cost are as follows:-

(a) Delay in Supply of Warship Building Steel. Steel was ordered from M/s Promote, Russia in three lots of three ships. After supply of the first lot of steel in May, 2004, the firm stopped supply demanding higher prices on account of sharp increase of steel prices in the international market. The shipyard was left with no option but to re-negotiate the price, which delayed the supply by 18 months.

(b) Impact of revised wages. The component of labour and labour overhead escalated substantially due to revision in wages over the build period.

(c) Services of Russian Specialists. The expenditure towards securing the services of Russian specialists was initially based on Soviet era rates. These revised rates are substantially higher and have added to the cost of the ships.

(d) Finalisation of cost of weapon and sensors. The ships of P-15A were envisaged to be fitted with state of the art weapons and sensors in place of conventional ones. The initial approval of government in May, 2001 was based on the estimated cost as they were in developmental stage.

4. Project P-17. The initial government sanction for Rs. 2250 crore was accorded in January, 1998. The initial estimates were based on the weapons supplied by the Russian side for P-16A and P-15 ships which were inducted into the Indian Navy in 80s and early 90s. The main reasons for the higher cost of these Russian weapon systems is the commercialisation of Russian military hardware industry as against the earlier State controlled regime. As a result, Russian equipment initially estimated to cost about Rs. 93 crore per ship finally costed Rs. 707 crore per ship. This increase in cost of Russian origin equipment alone accounts for 68% of the increase in the cost of equipment. The revised government sanction was accorded in March, 2006 for Rs. 8101 crore, including Rs. 217 crore towards yard modernisation. The factors effecting delay in delivery are as follows:-

(a) Delay in availability of Warship Quality Steel . The order for the steel was placed in April, 2000 on a Russia firm and the delivery had commenced from July, 2000. However, disagreement between the bankers of both parties on Letter of Credit (LC) led to a delay in the delivery of steel.

(b) Delay in acquisition of Weapon equipment from Russia. The P-17 design was primarily for Russian origin weapons. Though a memorandum was presented to the Russian side in Sept, 1995, the offer was received only in Nov, 1998 as Russia was in the process of adjusting to the new political reality after the collapse of the former Soviet Union. In view of late response from the Russian side, the contract for the weapon package could only be signed in April, 2000 i.e. 13 months after the scheduled date. This affected the finalisation of structure drawings as technical/binding data was not available.

(c) Delay in finalisation of propulsion equipment view complex Combined Diesel and Gas (CODOG) Arrangement. It was the first time that the Indian Navy was designing a frigate with Combined Diesel or Gas (CODOG) main propulsion. Refining the requirements and evaluation of the technical offers received for the Propulsion System Integration (PSI) and studies took about 20 months as against 6 months originally envisaged. This had a cascading effect in finalisation of structural drawings.

(d) Withdrawal of support from US OEMs. The order for the CODOG main propulsion, LM 2500 Gas Turbine was placed on US firm M/s General Electric Company (GE) in 1998 when India had conducted the Pokhran II nuclear test. This resulted in slowdown in support from the firm. Once again, in 2009, the propulsion trials of the first ship were delayed as the US government desired M/s GE to conclude a Technical Assistance Agreement (TAA) with the Indian side which took some time to be completed.”

Comments of the Committee

55. The Committee are not satisfied with the reasons explained in the Action Taken Note for slippages resulting in time and cost over run of some of the major projects of Navy viz. Gorshkov, P-15, P-15A, P-17. Most of the reasons given by the Ministry such as carrying out of additional works for renewal of equipments/systems, inability of M/s. MDL having not built a ship of such complexity and causing delays in regard to P-15 are not acceptable to the Committee. Likewise, the reasons furnished by the Ministry for delay and cost escalation of project P-15A, such as demanding higher prices for steel, escalation of labour overheads, revision of expenditure for securing the services of Russian specialists are too general in nature, which in the opinion of the Committee should have been avoided had due care and caution been exercised by the Ministry in timely manner.

56. Also, the reasons given by the Ministry for delay in Project P-17 such as wrong calculation of estimates which were based on weapons supplied for P-16A and P-15 ships and the new prices subsequent to the commercialization of Russian Military hardware, disagreement between the bankers of both parties on Letter of Credit, defining the requirements and evolution of the technical offers received from the Propulsion System Integration (PSI) and slowdown in support from the US firm M/s General Electric Company (GE) in 1998 are seen by the Committee as an attempt to justify the delay and avoid any responsibility in this regard. All these cases are very old and had the Ministry taken prompt and timely action the delay could have been curtailed to a larger extent.

57. The Ministry evidently failed to safeguard its own interest and ensure timely procurement. Procurement of such sensitive equipments has a chain reaction which compromises defence preparedness at the ground level. It is also baffling to understand whether the penalty clause was inbuilt in each of the contract in question. The Committee would like to be intimated thereof and also recommend that in all contracts of such nature penalty clause be invariably incorporated.

58. The Committee recommend while reiterating their concern for long delay in acquisition of the major projects of Navy, desire that at least now all these supplies should meet the dates as given and all care be taken in future to ensure timely deliveries. It is needless to say that all contracts should have penalty clause.

O. Anti Piracy Operations

Recommendation No. (Para No.50)

59. The Committee had recommended as under:-

“The constant piracy/robbery threats by Somalian pirates in the Indian Ocean is a cause of concern. Vulnerability to piracy/robbery etc. affect country’s strategic maritime interests. Sea trade consists of major volume of country’s trade and it is vital for appropriate growth. Hence, it is imperative for Navy to create safe and secured maritime environment. Therefore, the Committee recommend the Ministry for setting up of separate unit under Indian Navy to deal with the issues related to piracy. Besides, stringent measures may also be taken in the direction of making Indian Maritime Zone safe for fishermen and trade.

60. The Ministry in its action taken reply has stated as under:-

1. **Anti Piracy Operations.** One ship on a rotational basis, exclusively for anti-piracy operations, has been deployed by IN in the Gulf of Aden since Nov 08. In addition, anti-piracy patrols have also been undertaken off the Lakshadweep Islands (Operation 'Island Watch') from Dec 10 to Jun 11. Details of surveillance undertaken during the operation are as follows:-

(a) A total of 79 IN/ICG ships have been deployed amounting to a total of 507 'ship days'.

(b) A total of 64 surveillance sorties have been flown by maritime patrol aircraft.

2. **Capture of Pirates.** A total of 120 pirates have been apprehended and 73 fishermen and crew rescued in four operations by IN against pirate mother ships in East Arabian Sea in 2011.

Comments of the Committee

61. **The Committee are saddened to note that one of the most important operative part of the recommendation i.e. setting up of separate unit under Indian Navy to deal with the issues related to piracy has not been responded at all by the Ministry. The Committee are not oblivious of the fact that incidents of piracy by Somalian pirates in the Indian waters are not contained. It is in this backdrop that setting up of separate unit as stated above is imperative not only to safeguard the Indian waters but also for the life and safety of the Indian crew in particular and sailor fraternity in general. The Committee, therefore, in unequivocal terms reiterate that separate unit under Indian Navy should be set up to deal with the issues related to piracy. Any further delay in this regard would tarnish not only the image of Indian Navy but also the country's defence preparedness.**

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS, WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. (Para No.1)

The Committee note that the Budget Estimates (Net) for the year 2011-12 are for Rs.164415.49 crore which comprises of Rs.95216.68 crore as Revenue outlay and Rs.69198.81 crore as capital outlay. Although in absolute term there is an increase in the defence budget, the analysis of the data with regard to the growth of defence budget indicates that the percentage growth is declining over the years. During the year 2008-09 and 2009-10, the growth was 24.15% and 24.13% respectively which declined drastically to just 6.91% during the year 2010-11. Not only that, the defence expenditure as percentage of GDP is also declining over the years. During the year 2009-10 the said percentage was 2.16% which declined to 1.92% during the year 2010-11 to 1.83% during 2011-12. If the defence expenditure is compared to the overall Central Government expenditure during the year 2010-11 it has declined to 12.46% as compared to 13.48% during the previous year.

The Committee have consistently been recommending in the reports on Demands for Grants for increasing capacity for the utilization of outlay so as to justify the demand of higher allocation particularly under the capital section. The Committee are pleased to note that during the year 2010-11, the Ministry was able to utilize the entire allocation as stated by the Secretary during the course of oral evidence. The Secretary has also informed that capability of Defence Department to absorb the funds is improving and the expenditure of DGOF, R&D & DGQA is for higher than the allocations made by them during the period 2007-08 to 2009-10.

The Committee's examination further reveal that there are gaps between the projections made by the Ministry and the allocation provided at BE stage during each of the year. As per the Ministry, the budgetary allocation not commensurating with the projections made by the three Services and various organisations would affect the prioritization of modernization programme including acquisition of land and capital works to varying extent. The Committee emphasise that India is surrounded by difficult neighbours and it is utmost necessary to build the deterrent capabilities to safeguard the nation. No compromise can be made when it is the question of security of the country. The Committee are of the firm view that the allocations as projected should be provided to the Ministry of Defence particularly when the allocations made during the year 2010-11 could be utilized fully by the Ministry. The Committee would like the Ministry to take up the matter at the highest level and the Ministry of Finance, so that projected allocations are provided to the three Services and Organisations to enable them to meet the set targets under their modernization programmes including acquisition of land and capital works.

Reply of the Government

Keeping in view the requirement projected by the Services, the Ministry had projected a requirement of Rs. 4032.24 cr under revenue and Rs. 7676 cr under capital to Ministry of Finance at the First Supplementary stage.

2. In the light of the observations of the Standing Committee the matter has again been taken up with the Ministry of Finance. The requirement of additional funds, keeping in view the felt need of the Services and the trend of utilisation of budget, shall also be suitably projected to Ministry of Finance for RE 2011-12 and BE 2012-13.

Recommendation (Para No.3)

The analysis of the budget data further reveal that substantial part of the allocation is being spent during the last quarter of the year. During the years 2008-09 and 2009-10 the spending during the last quarter was 33.47 and 32.38 percent respectively. The committee are not convinced with the argument put forth by the Ministry that the trend of disproportionate expenditure at the end of the quarter is across the board in all the spending Departments of the Government of India. More so when the major part of the allocations are being spent on the committed liabilities, where the scale of expenditure is well known, the disproportionate spending pattern in the various quarters is not understandable. The committee would like to emphasize that utmost care should be taken to ensure that the expenditure is evenly spread during the year in line with the guidelines of the Ministry of Finance. Besides budget management, the even expenditure would go a long way in convincing the Ministry of Finance to allocate the outlay as per the projections.

Reply of the Government

The financial outgo particularly under the Capital segment is contingent upon major acquisition and works proposals getting the necessary approvals from the CCS & Ministry of Finance, necessary documentation being completed by the firms to which the contracts are awarded and achievement of project related/contractual milestones. Nevertheless, the issue of even pace of spending has been taken up with the Services and the Financial Planning Directorates have been requested to ensure an even pace of expenditure.

2. At the close second quarter, 44.54% of the allocation for 2011-12 has been utilised as against 40.79% last year. Efforts are being made to ensure that the current pace of expenditure is maintained.

Recommendation (Para No.5)

The Committee in their earlier reports have been recommending for early completion of Phase-I of Married Accommodation Project and simultaneous implementation of all the four phases without any break. The Committee are concerned to note that despite their persistent pursuance, the number of dwelling units to be constructed during Phase-I has declined from 61,658 to 57,875. Not only that, the deadline to complete Phase-I is continuously being extended. The initial target date of completion of the project was 2002-03. The deadline was first extended to 2005-06. The Cabinet on 9th August, 2010 has extended the deadline further to 31st December, 2010. The Defence Secretary during deposition before the Committee admitted that Phase-I got significantly delayed because of initial problems. The Secretary also informed the Committee that the Ministry has been taking corrective measures not to repeat the mistake of Phase-I in other phases of MAP. While deploring the tardy pace of work, the Committee would like to recommend that sincere efforts should be made to complete all the four phases of Married Accommodation Project without any further delay, so that the basic need of housing for the Armed Forces can be met.

Reply of the Government

The Married Accommodation Project (MAP) undertaken by MoD envisages construction of 1,98,881 Dwelling units (DUs) for the three Services. The number of Dwelling units (DUs) under MAP Phase-I was revised from 61,658 to 57,875 by the Cabinet on 9th August, 2010, out of which 53,044 DUs have been completed and remaining will be completed shortly.

There has been delay in the Project, as this was a new concept for the Armed Forces. Delay occurred due to contractors facing severe resources crunch on account of economic slowdown, severe strain on availability of local labour and construction material, high fluctuating prices of steel, cement and labour and court cases etc.

To offset the reduction in number of dwelling units to be constructed under MAP Phase-I, Cabinet in its meeting held on 9th August, 2010 approved construction of 69,992 DUs under Phase-II of the MAP instead of construction of 66,727 DUs sanctioned earlier. Phase-II of the project has also started. The shortcomings noticed during execution of Phase-I have been rectified in Phase-II so as to ensure better user satisfaction.

In order to ensure that the balance 71,014 dwelling units of Phase-III and Phase-IV also get completed expeditiously, Phase-III & IV have been merged for which Cabinet has given approval for commencement of planning. All efforts are being made to offset the delays incurred in the initial stages of the project.

Recommendation (Para No.7)

The Committee observe that a comprehensive proposal for enhancement of the existing delegation of powers to the Services has been submitted by the Committee set up in Finance Division in December, 2010 and the same is under consideration in the Ministry of Defence. The Committee feel that the proposal merits consideration and would expedite the acquisition process when implemented. As such, the Committee desire the Ministry to take final decision in this regard expeditiously.'

Reply of the Government

After careful consideration of pros and cons of the issue, the Ministry has decided to have a comprehensive audit of sanctions issued under delegated powers. The audit exercise is going on. Further delegation of powers would be considered in the light of audit findings for proper balance of efficiency and accountability considerations.

2. The Ministry would like to assure the Committee that the pace of acquisition/modernisation would not in any way be affected by the issue of delegation of powers.”

Recommendation (Para No.8)

The Committee have been informed that in the next 5 to 10 years procurement of equipment would be more than 100 billion dollars. The offset provisions i.e. 30% of the cost of equipment would accordingly be 30 billion dollars. The Committee understand that till now the benefits of offset have been measured in the form of creating Indian vendor base, direct flow into joint ventures with OEMs etc. The Committee are constrained to note that even when this clause was introduced in year 2005 and amendments were made in the year 2006, the policy is yet to be fully evolved. In view of the immense potential of offset clause, the Committee desire the Ministry to make earnest efforts to ensure that the gains of offset clause in real term are achieved.

Reply of the Government

The Offset Policy was introduced in 2005 and detailed guidelines were issued in 2006. So it is relatively a new policy and still in the process of evolution. The first offset contract was signed in 2007. Till now 16 offsets contracts have been signed. As such the impact of offsets on development of indigenous Defence industrial base is expected to become visible in the coming years.

In DPP-2011, the scope of Offset Policy Guidelines was expanded to include “civil aerospace”, “internal security” and “training” within the ambit of eligible products and services for discharge of offset obligations. This will provide a wider range of offset opportunities to vendors participating in defence procurements and encourage building up of indigenous manufacturing capability in crucial areas.

The Committee, set up under the Chairmanship of Director General (Acquisition) to undertake a comprehensive review of the existing offset guidelines, has submitted its report. The same is under consideration of Ministry of Defence.

Recommendation (Para No.9)

The Committee observe that many a time AFT has found itself helpless as its orders are not being implemented by the three Services. Out of 303 cases, decisions of various benches of the Tribunal are yet to be implemented by the Services. In a few cases involving substantial question of law, they are being processed for adjudication by the Supreme Court. During the course of examination of Demands for Grants, the Committee have been informed that decisions of the Tribunal are generally implemented. However in some cases, due to the hierarchal structure of the services, particularly, Army, the process of implementation takes time. Nonetheless, the services have been advised to implement the decision of AFT promptly like the decision of High Court and Supreme Court. As informed by the Ministry the proposal to give more powers to the Tribunal is under examination by the Chief of Staff Committee/Ministry of Defence in view of the enormous importance given to AFT. While taking note of the action being taken to give more teeth to the Tribunals, the Committee strongly emphasise to take early decision in this regard and bring the desired amendments to the Armed Forces Tribunal Act. Till the process of amendment is completed, the Services should be given instructions to comply with the decisions of AFT without any prejudice.

Reply of the Government

Presently, the Tribunal has Criminal Contempt Powers. It has no Civil Contempt Power. Ministry of Defence has decided in principle to amend Section 19 of the Armed Forces Tribunal Act to vest full contempt powers so that the Tribunal can enforce its decisions. An amendment to this effect is under consideration. In the meantime, suitable instruction has been issued to the Service HQs in respect of the Orders passed by Armed Forces Tribunal.

Recommendation (Para No.10)

The Committee find that recently a lot of controversies with regard to use of defence land have been reported in the media including the Sukna and latest Adarsh Housing Society land scams. In this connection, the Committee have consistently been recommending for an independent regulator for the purpose of effective management of defence land in the Country. The Ministry's stand in this regard has been that the existing system is adequate and there is no need of an independent regulator. To the surprise of the Committee even when Comptroller General of Defence Accounts in its report has suggested for a comprehensive study on disbanding DGDE from most of the activities of defence land management and even suggested for an independent agency, the Ministry do not see merit in the recommendation of the Committee for an independent regulator for the purpose of management of defence land as has been communicated in the Action Taken Replies to Sixth Report. The Committee while reiterating their recommendation for an independent regulator would like the Department to study the system of management of land by various sister Ministries like Ministry of Railways, Posts etc. which have huge tracts of land. The early decision on the issue should be taken and the Committee informed accordingly.

Reply of the Government

As recommended by the Committee, DGDE have studied land management systems of Ministry of Railways and Deptt. of Posts and reported that the responsibility for management of Railway land is carried out at various levels. At the level of Railway Board, Land and Amenities Directorate, functioning under the Member Engineering is responsible for it. The original records related to land are kept at the Chief Engineer's office with copies at Division and field level. Acquisition of land is normally done under the Land Acquisition Act, 1894, except for special Railway projects under the Railways (Amendment) Act, 2008. Action to remove encroachment is taken under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971. Rail Land Development Authority (RLDA) was set up in 1971, as a part of Ministry of Railways, to undertake all tasks related to property development on Railway land. As

such, Railway land is being managed by the Ministry of Railways through its own setup and no Independent Regulator/body has been created.

Department of Posts does not have very large land holdings. Their land holdings are used for Post Offices, administrative offices, staff Quarters etc., for which, there is no separate specialist cadre. Land is acquired for various purposes directly from State Governments/Development authorities/private persons. Postal authorities hire buildings etc. also. As such there is no formal system of land management in the Department of Posts.

Directorate General of Defence Estates (DGDE) is essentially performing functions relating to management of Defence land on behalf of the Ministry. Provisions already exist under Cantonments Act, 2006, Cantonment Land Administration Rules, 1937 and Acquisition, Custody & Relinquishment of Military land in India Rules, 1944. Further, a Land Management Bill for management of Defence land outside notified Cantonments is under consideration of Ministry. Guidelines for issuing of No Objection Certificates for construction of buildings on lands adjacent to Defence establishments have been issued on 18th May, 2011.

Thus, Ministry of Defence has its own adequate and effective land management system through DGDE, as per its requirements and needs.”

Recommendation (Para No.11)

The Committee further note that Comptroller General of Defence Accounts has made 27 recommendations. One of the important recommendation is to direct Service Headquarters and DGDE to convert all their land records on defence land into a comprehensive and electronic database within one year. In this connection, the Ministry has informed that the project on computerization of Military Lands Registration and General Lands Registration through a software named ‘Raksha Bhumi’ is already going on and is likely to be completed by March, 2011. The Committee hope that the project would have been completed by now. The Committee further note that two projects one on Digitization of Land records involving scanning, indexing and microfilming and the other on Survey of Defence Land using modern

technology have been sanctioned recently. Besides, the issue of land audit is under consideration. The Committee observe that it is utmost necessary that the land records as maintained in Military Land Register and General Land Register are up-to-date. To achieve the purpose, the aforesaid two projects need to be carried out expeditiously. Moreover, to check encroachments and misuse of defence land, there is an urgent need to have a system of periodic land audit. As such, the Committee strongly recommend to take decision on the issue of land audit. Besides, land records should be updated and made available on the website so as to have transparency. All the desired initiatives should be taken with utmost urgency and the Committee be kept informed about the progress made in this regard.

Reply of the Government

In order to prevent misuse of defence land, various steps have been initiated to streamline its proper management and its protection. The project known as “Raksha Bhoomi” on computerisation of Military Lands Registers (MLR) and General Lands Registers (GLR) has been completed. The software has been installed in all 62 Cantonment Boards and all 37 Defence Estates Offices. Data entry, verification and authentication have been completed by all the field offices. With the objective to have transparency, Directorate General of Defence Estates(DGDE) has also launched its website and some land data is already available in the same. Efforts are on to put all other relevant land data on the website.

A project has been sanctioned in Feb, 2011 to be implemented in a period of 3 years, for Scanning, Digitization, Indexing and Microfilming, of all the land records of Defence Estates Officers Offices and Cantonments in order to strengthen and preserve records. The project on computerisation of land records and digitisation and indexing complement each other. While project on computerisation on land records deal with entries in Land Registers of each piece of land acquired, its title and management, the project on digitisation and indexing etc. involve scanning all the records connected with acquisition and then their microfilming for long term preservation. It is underway in eight DEOs circles of DEO Chennai, Agra, Bareilly, Allahabad, Jammu, Kolkata, Secunderabad and Delhi and the Cantonment Boards of Kirkee, Pune, Dehu Road and Deolali.

In order to strengthen management of Defence Lands, Ministry has sanctioned a project in Feb, 2011 to be implemented in a period of 3 years, for survey, demarcation and verification of Defence lands. The main objectives of this project are re-verification of details of total defence lands and their authentication on grounds, compiling information on disputed lands & encroachments, construction of boundary pillars.

Further, considering the importance of land as a national resource, Ministry has issued orders on 18.04.2011 to resume land audit and work has already started in DEO Circles under Southern Command.

Construction work for the establishment of an Archival Unit & Resource Center(AU&RC) has also started in Raksha Sampada Bhawan, Delhi Cantt. AU&RC will also act as disaster management unit.”

Recommendation (Para No.14)

The Committee find that Army's Road Infrastructure Development which is planned under two projects-73 Roads Project and GS Roads LTPP has not progressed satisfactorily. Whereas, 73 Roads Project lists out the critical and strategically important 73 roads along the Northern border with China, which are required to be completed in a time bound manner by 2012, the progress of the project as reported by the Ministry is very slow. Out of these 73 roads only 15 roads have been completed so far with overall progress, of approximately 43%. The other project, GS Roads LTPP which identified then other roads to be developed along the borders of India with China, Pakistan and Myanmar, only eight roads have been completed so far, with overall progress of approximately 22%. The Committee deplore that despite Government's so called preference to these projects, the roads and infrastructure development work is running way behind the schedule.

The Committee find that the Ministry proposes to take certain initiatives to increase the pace of road construction. Such initiatives include making available

sufficient funds for the three strategic rail projects in North East, draft infrastructure Bill to provide statutory exemption for strategic projects being moved (by MHA), leasing of helicopters by BRO from Pawan Hans Helicopters Ltd. replacing old and vintage equipment by purchasing latest equipment, purchase of plant and equipment worth approximately Rs. 200 crore, procurement of new equipment like crawler rock drill etc. The Committee feel that proposed initiatives would go a long way in addressing the logistic issues with BRO and would certainly help in speedy development of infrastructure and construction of roads in border areas. As such the Committee emphasize for early finalization of said proposals.

Reply of the Government

The work could not progress with the required momentum due to certain reasons like time taken in Forest/Wild Life clearance, inadequate Air Lift, unprecedented cloud burst, very limited working season on High altitude Areas (HAA) etc. However, all possible efforts are being made to increase the pace of work. The progress of works on three strategic Rail Projects is discussed in detail in Point No. 16. The latest position of funding of three strategic Rail Projects in North East, draft infrastructure bill to provide strategic exemption for strategic projects, procurement of specialized equipments and leasing of Helicopter from PHHL are as under:

- a). Funding of strategic Rail Project - Railway Board has been asked to project funding proposal in Cabinet Committee on Infrastructure through Planning Commission after due endorsement of Ministry of Defence. Railway Board may project the case for non lapsable funds to Planning Commission/Ministry of Finance.
- b). Draft Border Infrastructure bill – The draft bill, to exempt border infrastructure from relevant Acts of forest and wildlife, is finalized by MHA in consultation with other Stakeholder/Ministries.
- c). Procurement of new equipments - Sanction for procurement of Vehicle/Equipments/Plants (V/E/Ps) to the tune of Rs. 99.89 Cr for creating _Bank of equipments, Rs. 42.36 Cr is supplementary Annual Procurement Plan (APP) 2010-11 and Rs. 429.85 Cr in APP 2011-12 have been sanctioned. Out of this the following

latest technology vehicle, Equipment and Plants are being procured for speedy construction of various strategic roads.

- i). Hyd Excavator 30 Ton with Rock breaker.
- ii). Hyd Excavator 20 Ton with and without Rock breaker.
- iii). Hyd Excavator 7/8 Ton with and without Rock breaker.
- iv). Stone crusher 20/40 TPH.
- v). Tandem vibratory road roller.
- vi). Hot Mix Plant 20/30 TPH.
- vii). WMM Plant 60 TPH.
- viii). Hydrostatic Paver finisher with sensor.
- ix). Concrete Auto batch mix plant.
- x). Transit mixer 5/6 cum/Hr.
- xi). Concrete pump 15 cum/Hr.
- xii). Lattice crane with grab bucket.
- xiii). Self propelled telescope boom man carrying bucket.
- xiv). Refueller 6 KL.
- xv). Multi utility tractor with accessories.
- xvi). Crawler Rock Drill Medium and light.

d). To augment air-lift capacity, a contract was executed with M/S Pawan Hans Helicopter Ltd (PHHL). However, due to accident in Arunachal

Pradesh, PHHL has suspended its operations. IAF is providing the requisite air efforts needed. Furthermore an Empowered Committee under the Chairmanship of DG (Air Ops) and DGBR as convenor has been constituted to finalize outsourcing of air efforts in an integrated manner for various agencies/Organisation.

Further Capability constraints have been sought to be reduced by allowing BRO to outsource works and raising more units as per restructuring of BRO approved by CCS. A total of 144 units have already been raised against 151 units approved in the CCS. New projects have been inducted in Ladakh, Uttarakhand and Arunachal Pradesh.

Recommendation (Para No.16)

The Committee also urge the Ministry of Railways to give priority to complete the work related to the three strategic railways lines i.e. NLP-Along-Silapathar, Missamari-Tawang and Mukongelek-Pasighat-Rupai in the North East so that movement of personnel and development of North East can be accelerated.”

Reply of the Government

Twenty eight railways lines, which were reduced to 14 subsequently, (*including the three Railways Lines i.e. NLP-Along-Silapathar, Missamari-Tawang and Murkongselek-Pasighat-Rupai in North East*) were declared as strategic railways lines, with the approval of Raksha Mantri, from defence point of view and Ministry of Railways were requested on 16.08.2010, to initiate the process of undertaking the survey of these lines to establish technical feasibility and cost of the project. A representative of the Army Headquarter will coordinate/follow up the progress with Railways from time to time.

Based on the directions of the Cabinet Secretary in the meeting of the Committee of Secretaries held on 08.01.2010 to review the Railways Projects in the Northern Borders and other issues raised by the Chief of Army Staff (COAS), Permanent Coordination Framework at New Delhi and Regional Permanent Coordination Framework at Guwahati have been constituted on 10.02.2011 to resolve operational issues pertaining to the strategic railway projects in the North East sector. These Permanent Coordination Frame Works consist of members form MoD, M/O Railways, M/o Environment & Forest, Deptt. of Development of North East Region, Army Headquarter and its Eastern Command officers as well as representatives of State Government of Assam, Arunachal Pradesh, Nagaland, Manipur and Tripura. Meeting of these Permanent Coordination Frame Works are taking place from time to time to watch and expedite the progress of the development of these strategic railways line and for addressing the obstacles. AHQ has been coordinating these meeting.

- ii. The status of three strategic railway lines mentioned in Paragraph 16 is as follows:

- a). North Lakhimpur-Along-Silapathar – PET survey for this line was proposed in 2010-11 and the same was completed in May 2011. The cost of the 248 Km new line is Rs. 11155 Crore and ROR is (-) 6.27%. The report is currently under examination.
- b). Missamari-Tawang - PET survey for this new line which is 140 Km long was sanctioned in 2010-11. The survey is currently in progress and expected to be completed by January 2012.
- c). Murkongselek-Pasighat-Rupai - Murkongselek-Pasighat (30 Km) has been included in budget 2011-12 at a cost of Rs. 166 Cr. PET survey of Pasighat-Tezu-Rupai (65 Km) is currently in progress and expected to be completed by January 2012.

Recommendation (Para No.17)

From the data furnished by the Ministry it is noted that against Army's projection of Rs.102962.17 crore for the year 2011-12, Rs.82820.49 crore, have been allocated. Thus the gap between the projection and the Budget Estimate is of Rs.20141.68 crore. As far as the revenue allocation is concerned, after providing for pay and allowances and other obligatory payments, the remaining allocation is made for purchase of ordnance and other stores, transportation, revenue works and maintenance, new raisings, Ex-Servicemen Contributory Health Scheme (ECHS) and other miscellaneous expenditure, etc. The Ministry has acknowledged that the said gap between the projected and the allocated outlay would affect important heads like purchase of ordnance and other stores, transportation, revenue works and maintenance, new raisings and ECHS. As regards capital outlay, reduced allocation may impact acquisition of land and capital works to varying extent. It would also affect prioritization of modernization schemes in the light of available allocation.

The Committee strongly recommend that the desired allocation should be made available to Army at the Revised Estimate 2011-12 stage so that important projects/programmes under capital & revenue heads, particularly modernisation programme of Army do not suffer for want of resources”.

The requirement of the Army for additional funds after analysing the trend of utilisation of budget and the schemes in the pipeline, shall be conveyed to the Ministry of Finance at the RE 2011-12 stage. The concerns of the Standing Committee in this regard have been conveyed to the Ministry of Finance.

Recommendation (Para No.19)

The Committee note from the data made available by the Ministry that the outlay allocated for modernization of Army at Budget Estimates stage is being reduced at Revised Estimates stage during each year of the Eleventh Plan. During the year 2010-11 Rs. 8876.88 crore were allocated at Budget Estimates stage. The allocation was reduced to Rs. 7433.23 crore at Revised Estimates stage. As per the initial information made available to the Committee, the expenditure up to February, 2011 was to the tune of Rs. 2993.06 crore. In response to a supplementary question asking about the reasons for such a low level of expenditure, to the surprise of the Committee, the Ministry has informed that expenditure to the tune of 101.32% has been achieved. The Committee have consistently been raising concern over the utilization of substantial part of the allocation during the third quarter of the financial year. Expenditure to the level of 60% of the allocation that too with regard to modernization of army during the last month of the financial year 2010-11 is not understandable to the Committee.

Recommendation (Para No.20)

The Committee further find that modernization plans of army encompasses force modernization and the development of critical combat capabilities, besides overcoming obsolescence in core capabilities in consonance with the Defence Capability Development strategy. As such there is an urgent need to utilize the

allocation in an effective manner so that the modernization plans of army are properly implemented. The Committee desire the clarification from the Ministry about the utilization of 60% of allocation during the last one month of the financial year 2010-11. Besides the Committee would like to emphasize that allocations earmarked during the year 2011-12 should be utilized in a phased manner during the year so as to achieve the targets set under the modernization plans.

Reply of the Government

The process of capital acquisition involves, among other things, issue of Request for Proposal (RFP), evaluation of technical offers, field evaluation of equipment, commercial negotiations and approval by the Competent Financial Authority (CFA) as per the Defence Procurement Procedure and other relevant instructions. During the year 2010-11, five major acquisition proposals viz Akash Missile System, 3D Tactical Control Radar, Project Samvahak phase II, Project Sanjay and Schilka upgrade were concluded in the month of March 2011 after the approval of Ministry of Finance/CCS. After the signing of contracts in these cases, advance payment to the tune of ` 3507.72 crore was released to the vendors. This resulted in incurring substantial expenditure in the month of March, 2011.

2. In the financial year 2011-12, expenditure of ` 3998.78 crore towards Committed Liability payment has been planned in an even and phased manner as follows:-

S.No.	Quarter	Amount	Percentage
(i)	Qr I	829.88	21%
(ii)	Qr II	1087.20	29%
(iii)	Qr III	896.82	23%
(iv)	Qr IV	1184.88	27%
Total		3998.78	100%

3. As regards New Scheme, the budget allocation for 2011-12 is ` 6741.24 crore. In view of complexities in procurement, bulk of expenditure is likely to be incurred in Quarter III and Quarter IV of current financial year. However, all efforts are being made to spread the expenditure in an even and phased manner. (Reply of Para 19 and 20).”

Recommendation (Para No.21)

On the issue of modernization of training centres, the Ministry has informed that not all the disciplines of training are having simulators to train soldiers. The Ministry has further added that presently these simulators and other modern facilities do not cover all disciplines of training. The Committee emphasize that besides procuring state of the armament, tanks missiles, it is utmost necessary that persons behind the machines are adequately trained. As such it should be ensured that all the disciplines of training do have simulators and other modern facilities to train soldiers. The Committee strongly recommend that adequate allocation should be made for the purpose. Besides all the desired initiatives should be taken so that training centres of Army are equipped with latest infrastructure.

Reply of the Government

Under modernization of all training establishments of Army, state of the art facilities are being created for training of all ranks. Training infrastructure is being upgraded in a planned manner with the induction of high-tech training equipment including simulators. For this purpose, Modernization of Laboratories and Training Infrastructure (MOLTI) Grant has been introduced for modernisation of all training establishments of Army and procurement of training equipment is being done through prospective plans drawn under Five Year Army Plans. Major disciplines of training have been covered in this modernisation process under 11th Army Plan. All the other disciplines of training are being covered under 12th Army Plan. Over and above this, procurement of training aids and simulators is also undertaken through Annual Training Grant and Technical Training Grant.

Simulators are now being procured along with the New Generation Weapon Systems and Equipment. In addition, Army has also established Simulator Development Division at Secunderabad to facilitate induction of simulators through in-house development to meet the specific training requirements of Army.

Recommendation (Para No.22)

The Committee find from the information made available by the Ministry that all the missiles which have been handed over to Army are imported. The maximum range of the missiles that have been handed over to the Army is 25 kms only. The Committee have also been apprised that induction of some more missiles is in pipeline. In this connection missile system developed by BrahMos Aerospace Private Limited in a joint venture formed by DRDO (India) and NPOM (Russian Federation) has maximum range of 290 kms. The Ministry has informed that the induction of this missile system is on going. Besides procurement of Akash Missile system is at an advanced stage of fructification. Some more planned projects are upgradation of Self Propelled Air Defence System Gun Missile System., Schilka Gun system and L 70 gun. While taking note of the existing position of missiles and missile defence system in Army, the Committee strongly recommend to induct/upgrade the planned missiles in stipulated time frame so that Army is geared up so as to provide substantial deterrent capability.

Reply of the Government

1. The Indian Army is currently in the process of procurement of advanced long range missile system and upgradation of certain existing weapon platforms.
2. Various agencies in the Army are involved in the ibid acquisition and upgradation process. It is highlighted that the requirement of timely induction/upgradation to ameliorate the existing state of missiles and missile defence systems is being accorded due importance and priority.
3. Requisite concurrent actions have also been undertaken at all levels to expedite the process with the concerned agencies ensuring that the planned acquisitions/upgradations materialize in the stipulated timeframe thereby enabling the Army in maintaining substantial deterrent capability at all times.”

Recommendation (Para No.29)

From the data supplied by the Ministry it is seen that expenditure on modernization is on the decrease for the last two years. In 2008-09, Ordnance Factory Board spent Rs.627.23 crore on modernization, while this expenditure came down to Rs.492.61 in the year 2009-10. The Committee note that initiatives have been taken for modernization by inducting state of the art technology, which includes Quality Management System, Technology up-gradation, modernization of civil infrastructure etc. A Comprehensive Long-term Modernization Plan covering Plants and Civil Works has also been prepared by each Ordnance Factory, which is under finalization.

The Committee note that the value of export of products is also not impressive all these years and the number of countries, where products are being exported has also come down. The Committee are of the view that almost all the Ordnance Factories are highly capital intensive units and a budget of approximately Rs.500 crore is not sufficient to modernize all the factories. Therefore, the Committee desire that the adequate budgetary support should be provided for the modernisation programme of Ordnance Factories so they can turn into vibrant and efficient organisation and become capable of producing state of the art products for supply to Indian Armed Forces and to the world market.

Reply of the Government

The main reason for decrease in expenditure on modernisation during 2009-10 was on account of putting procurement of the Modular Change System (BMCS) Plant 'on hold', required for Ordnance Factory Nalanda Project. The BE for modernisation, for 2009-10, was estimated at Rs. 759.13 crores out of which 257.14 crore was envisaged for the BMCS Plant.

OFB has prepared a Comprehensive Modernisation Plan and as per it the proposed expenditure in XII plan towards Plant and Machinery is Rs.9325 crore under New

Capital (NC) and Rs 9388 Cr. under renewal and replacement (RR), 03 Major Augmentation Projects involving an investment of Rs. 1969 crores have been approved by MOD in 2010-11 and 2011-12 (till Sept, 2011),

During last few years demand from Indian Defence Forces has increased substantially. The items which have export potential have also been demanded by Indian Defence Forces in large quantity during the period, thereby leaving little spare capacity for export. This has resulted in reduction in export from OFB during these years.

For 2009-10, BE for modernisation was estimated to be Rs.759.13 Cr. out of which Rs. 257.14 crore was expected to be incurred on BMCS Plant. Owing to put on hold decision for BMCS Plant, expenditure at Nalanda in the year 2009-10 was drastically reduced.

Recommendation (Para No.31)

As per the information made available by the Ministry, against the sanctioned strength of Air Force i.e. 12,221, the present strength is 11, 403. thus the shortage being of 828 officers. In case of Persons Below Officer Rank (PBOR), the sanctioned strength is 1,32,382 and the present strength is 1,28,760, the shortage being 3,662 as on date. Besides there is shortage of 137 non-combatant (Enrolled). The Committee find that various initiatives are being taken by the Government to meet the shortage of officers and PBOR. Such initiatives include participation in career fair, exhibitions, advertisement in print and electronic media, motivational lectures in schools, colleges, visuals/signages all over the country at strategic locations. The Committee have further been informed by the Ministry that the existing deficiency in PBOR is expected to be made good by March, 2012. The Committee hope that with the aforesaid initiatives being taken by the Ministry the shortage of PBOR in Air Force would be made good by the stipulated deadline i.e. by March, 2012.

Reply of the Government

(a) (i) The shortages in the IAF earlier were due to lower than planned induction. This trend has been overcome to a large extent and induction targets have been met over the last one year, which has reduced overall shortage of officers in the IAF. The steps initiated by the IAF to reduce shortages are yielding results. The initiatives like introduction of Fast Track Selection all round the country, participation in career fairs / exhibitions, advertisements in print and electronic media, motivational lectures in schools, colleges, visuals / signages all over the country at strategic locations has contributed towards reducing the shortage of officers.

(b) The shortage of officers in IAF has progressively reduced from 1343 in Mar 2010 to 1110 in Feb 2011 and 763, as on 01 Aug 2011, because of the above mentioned proactive measures. As on 01 Aug 2011, the IAF has a strength of 11,420 officers against an establishment (total sanctioned strength) of 12,221.

(c) Further, the re-introduction of Short Service Commission (SSC) for men in all three streams (Fighter, Transport & Helicopter) and continuation of SSC scheme for women for Transport and Helicopter streams have proved to be very successful in countering shortages. Besides, the implementation of the Recommendations of the Sixth Central Pay Commission by the Government have also contributed to making the service more attractive, as a career option.

(ii) The sanctioned establishment of airmen in the IAF as on 01 August, 2011 is 1,32,403 and the present strength is 1,30,216. Thus a deficiency of 2187 exists. The existing deficiency of airmen and the attrition during the year is expected to be made good by the year 2012.

(iii) The sanctioned establishment of NCs(E) in the IAF as on 12 August, 2011 was 10,799 and the present strength is 10,687 leading to a deficiency of 92. The existing deficiency of NCs(E) is also expected to be made good by year 2012.

Recommendation (Para No.34)

The Committee find from the information made available by the Ministry that accident rate in MIG aircraft is rather more high. 476 MIG aircrafts so far have met the accidents and the remaining fleet is 470 aircraft. Thus, more than 50 percent MIG aircraft have already met with accidents. The Ministry has acknowledged that majority of technical defect accidents pertain to old technology aircraft. Problems associated with vintage technology especially aero engine malfunctions MIG-21 and MIG-27 are more pronounced. The Committee have further been apprised that these aircraft have even been phased out of the Russian Air Force like MIG-27 and we are only Air Force in the world which is flying this aircraft now. In the aforesaid scenario, the Committee may like to strongly emphasize that all the initiatives should be taken to ensure that planned acquisitions of aircraft are in place within the stipulated time frame so that these old MIG aircraft can be phased out as early as possible.”

Reply of the Government

Policy regarding extensions of Life Span of an aircraft system

(a) The Original Equipment Manufacturer (OEM) of any aircraft assigns initial life and outlines maintenance cycle based on the design parameters. However, upon exploitation of the aircraft, large amount of data is collected to predict optimum life and maintenance cycle. The life extension provided to an aircraft is based on the results obtained from the ‘ Reliability Analysis’ of the failure data of similar aircraft. The findings of the reliability study are translated into life extensions, modifications, changes in Standard Operating Procedures. Thus life extension of an aircraft is an acceptable norm in order to optimally utilize safe operating life of the aircraft. In all lifeing studies OEM/RCMA /CEMILAC/NAL/HAL designs departments etc., are involved.

Review of life of existing fleet and induction of new fleet by its replacement is a continuous process, and a decision in this regard is based on operational requirements of the Defence forces.

Recommendation (Para No.36)

As per the information furnished by the Ministry, 13 cases with regard to accidents of aircraft in Air Force are under investigation. In this connection, the Committee would like to be apprised since when these investigations are going on. The Committee may also like to be apprised about the average time taken in investigation of accident of aircraft in Air Force.”

Reply of the Government

Investigations relating to aircraft accidents are under progress in some cases since Jan 2010 onwards. As per the Air Force Orders, the Court of Inquiry(Col) is a time bound activity and should be completed within a duration of four months. However, the Col teams of Indian Air Force, need to liaise with the OEM/HAL/DRDO and other Laboratories for providing test results, on various components of aircraft involved in accidents, the accident investigation gets delayed in these cases due to the time needed by above mentioned agencies to test and provide reports.

Recommendation (Para No.39)

The Committee find that efforts are being made to modernise the transport fleet of Air Force. A proposal for procurement of ten C-17 heavy lift aircraft is being processed. Besides, an agreement was signed on 31 January, 2008 for procurement of six C-130-J-30 transport aircraft for IAF. AN-32 aircraft of IAF is also being upgraded.

While taking note of the efforts being made to augment the transport fleet, the Committee strongly emphasize to finalize the proposals for upgradation and acquisitions expeditiously. Besides adequate outlay for the purpose should also be made available.

Reply of the Government

The Indian Air Force (IAF), is progressing the procurement and upgradation schemes for modernising its Transport fleet as per time lines set in the Long Term Perspective Plan of the IAF. The status of the schemes being progressed is given below:-

(a) C-17 Golbemaster III: The Letter of Offer & Acceptance was signed on 14 June, 2011 for the procurement of ten C-17 Globemaster III Heavy Lift Aircraft from the United States Government through Foreign Military Sales route. Delivery of the aircraft is to commence from June, 2013 and all 10 aircraft are expected to be delivered by June, 2015.

(b) An-32 Fleet Upgrade: The AN -32 fleet of IAF is being upgraded to maintain its operational potential. A contract for Life Extension, overhaul and re-equipment of the AN-32 fleet was concluded with M/s Spets Techno Export, Ukraine on 15 June, 2009. Upgrade of 40 aircraft at the vendor's premises is planned to be completed by 2014 and balance 64 aircraft would be thereafter upgraded in India by 2017. The upgrade programme is progressing as per schedule.

(c) C-130J procurement : A Letter of Offer & Acceptance was signed on 31 January, 2008 for the procurement of six C-130J aircraft from the United States Government . Of these four aircraft have already been inducted into the IAF. The remaining two aircraft would be inducted by November, 2011. In addition, a proposal is being progressed for procurement of six additional C-130J aircraft.

Recommendation (Para No.40)

The Committee find that all the 52 air fields being used by Air force in the Country are proposed to be modernised in two phases under Modernisation of Air Field Infrastructure project. In the first phase, 30 air fields would be undertaken for modernization and the remaining would be undertaken in phase two of the project. With regard to the status of the Modernisation of Air Field Infrastructure - I and Modernisation of Air Field Infrastructure-II the Committee have been informed that the case for modernisation of balance 26 air fields of IAF, Army, Navy and Coast Guard etc. under Phase II will be initiated within 18-24 months of signing of the contract for Modernisation of Air Field Infrastructure-I keeping in view the experience gained during implementation of Phase I. No cost has been estimated as yet for the 2nd Phase. The Ministry has also informed that the contract would be signed during the current financial year entailing an outgo of about Rs. 183 crore. As Air Force require air fields from strategic point of view, the Committee emphasise that commercial negotiations for first phase should be completed expeditiously so that the modernisation process with regard to Modernisation of Air Field Infrastructure-I starts followed by modernisation of the remaining air fields under Modernisation of Air Field Infrastructure-II. All the desired allocations required for the purpose should be made available.”

Reply of the Government

The contract for Modernisation of Air Field Infrastructure Phase-I was signed on 16 March, 2011 at a total cost of Rs. 1219.99 crore. An advance of Rs. 183 crore was also released during the financial year 2010-11 as per the Contract and the project is under implementation. Adequate Funds are available for timely implementation of the project.

Recommendation (Para No.41)

The Committee find that out of 52 operational IAF bases, 8 air fields bases do not have electrical air field lighting and regular night operations are not undertaken from these places. On completion of MAFI Phase I and II, the Ministry has stated all the IAF air fields will have electrical air field lighting system to facilitate night landing. The Committee may like to emphasise that the said 8 air fields which do not have electrical air field lighting should be covered on priority basis under the modernisation programme so that the Electrical air field lighting in all the air fields is available which may ensure regular night operations from the said bases.

Reply of the Government

Out of 52 operational IAF airfields, 10 airfields do not have electrical Airfield Lighting System (AFLS). Installation of AFLS at these airfields will be undertaken on priority basis. On completion of Modernisation of Air Field Infrastructure project all the IAF airfields will have electrical airfield lighting system to facilitate night landing.

Recommendation (Para No.42)

The Committee observe that the allocations for R&D in defence have consistently been increased in absolute terms. However, if the R&D budget as percentage of the total budget is taken into consideration, there is decline during the year 2011-12 as compared to the previous year. The said percentage during the year 2011-12 is 6.24 against 6.66 of the previous year. Not only that there is a gap of Rs. 4595.70 crore in the proposed allocation and allocation provided at Budget Estimate stage during the year 2011-12. The Secretary, DRDO during the course of deliberations have informed the Committee that DRDO's total production value this year is about Rs. 48,000 crore which is leading to self-reliance through the industry. The

Secretary, further enumerated about the achievements of DRDO during the last one year which include testing of Interceptor Missile, launching of Agni II Missile, Brahmos launch, Astra Missile flight trials, production of Akash Missile, the completion of first flight trial of Missile Helina and Initial Operational Clearance of LCA, designing and development of Rustom in the area of UAV. The Secretary further highlighted that significant progress has been made with regard to under water sensors and sonars. The Committee while appreciating the achievements of DRDO would like the organization to keep up the momentum so that the country can achieve self-reliance in defence production. The Committee would also like to emphasize that adequate allocations should be made available for R&D so that DRDO programmes do not suffer for want of resources.

Reply of the Government

Defence Research and Development Organisation (DRDO) is fully committed towards enhancing self-reliance in defence production through national efforts by all Government agencies including Ministry of Defence, Defence Industries (both public and private), Ordnance Factories. DRDO is strengthening its core competence and making all efforts to reduce gestation periods and cut down time and cost overruns. To increase the production of systems developed by DRDO, industries have been involved in a big way and currently, more than 500 industries are participating in the defence production.

As already explained by the Secretary, Department of Defence R&D, many DRDO developed systems have been tested, evaluated, productionised and inducted into Armed Forces, whereas a large numbers are at various stages of integration, trials, production and induction. This would definitely improve self-reliance and indigenous content in defence systems.

Defence R&D Budget, when compared to total Defence Budget, indicates the decline in percentage because of quantum of increase in Defence Budget. However, Defence R&D Budget has increased in absolute terms. Ministry of Finance and Ministry of Defence allocate additional funds, whenever required by Department of Defence R&D. All out efforts would be made to utilize the allocations in full and additional funds, if required, would be requested at later stage during the Financial Year 2011 – 2012.

Recommendation (Para No.43)

The Committee have consistently been emphasizing in their reports to sort out all the problems being faced with regard to LCA so that it is made operational. From the information furnished by DRDO, the Committee note that initial operational clearance of LCA has been completed on 10 June, 2011. Newer version of LCA is ready and its first flight is scheduled this year. So far as the issue of the Kaveri engine is concerned, the Committee find that some problems are being encountered on the issue of integration of Kaveri into LCA. The Secretary, DRDO during the course of deliberations assured the Committee that Rs. 10,000 crore spent on LCA are worth as technology levels have come up. He also informed that Indian Navy and Railways have shown interest in Kaveri. The Committee note that Tejas Project was initially sanctioned in the year 1983 and at last operational clearance on LCA could be completed. The Committee in this regard would again like to emphasize that all the issues related to integration of Kaveri with Tejas should be sorted out expeditiously so that LCA is operational and our Services and other agencies like Railways can be benefited by the technology developed indigenously by DRDO.

Reply of the Government

The Initial Operational Clearance (IOC) of Light Combat Aircraft (LCA) Tejas was obtained in Jan 2011. It is planned to integrate Kaveri Engine with LCA in 2013 after the approval of the Government. As of now, Kaveri Engine has been integrated and tested as one of the Power Plant in IL-76 in Russia. A total 27 flights were conducted and Engine has undergone 55 hrs of flight.

Recommendation (Para No.44)

The Committee have consistently been requesting the Ministry of Defence to apprise the Committee about the details of the recommendations made by P. Rama Rao Committee on the restructuring of DRDO. The Ministry have not been furnishing the information on the pretext of being confidential. At last now, the status of seven recommendations made by P. Rama Rao Committee which include some of the important issues like formation of Defence Technology Commission, creation of Commercial Arm of DRDO and decentralization of finance has been made available to the Committee. The Committee note that the recommendations are at various stages of implementation. The Committee again emphasize to implement at least the recommendations on which final decision has been taken by the Government which would definitely go a long way in effective functioning of DRDO.

Reply of the Government

After the approval of the recommendations of the Defence Secretary Committee on report of Rama Rao Committee (RRC) by Hon'ble Raksha Mantri, the Defence Research and Development Organisation (DRDO) has constituted two Committees to deliberate and work out the most appropriate actions with regard to the implementation of RRC recommendations at the earliest. The Apex Committee called "Advisory Committee" has been constituted to study in detail the roles and functions of various institutions and mechanism recommended by the RRC and fine tune to make them more effective in facilitating the functioning of DRDO. The second Committee i.e., "Implementation Committee" has been constituted to work out the implementation methodology of the fine-tuned systems and to work out details of actual implementation in terms of interaction between various functionaries, Standard Operating Procedures (SOPs), etc. within the broad framework as suggested by the Advisory Committee.

Based on deliberations of the above two Committees, following progress has been made towards implementation of the recommendations of the RRC:-

(i) The constitution and objectives of the Defence Technology Commission (DTC) have been fine tuned to ensure effective performance of the Commission.

(ii) The detailed objectives of the Commercial Arm of DRDO have been worked out.

(iii) A draft Cabinet Note has been prepared seeking approval of the Cabinet for the creation of DTC as well as for the creation of a Private Limited Company as Commercial Arm of DRDO. The Note has been forwarded for concurrence of Hon'ble Raksha Mantri.

(iv) The status of the implementation of recommendations of RRC are as follows:-

- Formation of Defence Technology Commission (DTC)

A Note for approval of Cabinet has been initiated for approval of Hon'ble Raksha Mantri.

- Creation of the Commercial Arm of DRDO

A Note for approval of Cabinet has been initiated for approval of Hon'ble Raksha Mantri.

- Renaming of Director General DRDO as Chairman DRDO

A Note for approval of Cabinet has been initiated for approval of Hon'ble Raksha Mantri.

- The three Services to nominate an officer each of the rank of 2 star General for structured discussion with DRDO

The Services have nominated nodal officers.

- Creation of seven technology area wise clusters/centres under a Director General to facilitate timely execution of major programmes and healthy growth of Science & Technology (S&T) in the laboratories.

Details have been worked out by the Advisory Committee appointed by DRDO including roles, empowerments of Director Generals (DGs) and Directors and linkage at all levels.

Roles and functions of various entities of management structure and SOPs for interaction amongst them are being worked out.

- DRDO to engage an eminent HR specialist

Modalities being worked out.

- Decentralisation of Finance

As a part of decentralization of Finance, enhanced delegation of Financial Powers to various functionaries has been done with the approval of Hon'ble Raksha Mantri. The allocation of additional manpower for the purpose and their positioning is being planned in consultation/concurrence with the Secretary, Defence Finance.”

Recommendation (Para No.45)

The Committee find some of the gaps between the authorized and the existing strength of Scientists in DRDO. As on January, 2011 the strength of Scientist is 7854 against the authorized strength of 8214 thus the gap being of 360 Scientists. The Committee are further constraint to note that level of attrition of Scientists during the year 2010. As per the information made available by DRDO only one top scientists of the rank of 'Distinguished Scientists' has taken voluntary retirement from DRDO in the year 2010. At lower levels, three scientists in the field of computer science and seventeen scientists in the field of electronics and communication have resigned from DRDO during 2010. The Committee are concerned to note that even when 21 scientists including one 'Distinguished Scientists' have left the organization, DRDO do not seem to be bothered about the alarming trend. DRDO seems to be contended by taking note of the fact that attrition is less than one per cent of the total strength of scientists. The Committee take the attrition of scientist in DRDO seriously and strongly recommend to analyze the position critically so as to know the specific reasons of scientists leaving such a prestigious organization. Besides, the Committee would also like to emphasize that a comparative analysis of the salary and other perks being made

available to scientists of DRDO and in the private sector should be done so as to have proper analysis of the impact of the recommendations of Sixth Pay Commission.”

Reply of the Government

Defence Research and Development Organisation (DRDO) has been regularly monitoring attrition of scientists. Just before the implementation of 6th Central Pay Commission's recommendations, attrition of scientists was 340 in 2006. This came down to 68 in 2010. To arrest attrition of scientists, a number of incentive schemes have already been implemented in DRDO, like, grant of variable increments at the time of promotion, acquiring higher qualifications in reputed institutions during service, awards to deserving scientists, professional update allowances, etc. Besides these, scientists are provided excellent transit facilities while on temporary duty, at residential complexes and also at places of duties. Even after giving all such good incentives and pay-packages, some scientists leave the job as other institutions/companies offer better incentives/pay-packages. Among all the three Government strategic Departments, DRDO is almost at par with ISRO and DAE in terms of incentives and pay-packages except Performance Related Incentive Scheme (PRIS). In ISRO and DAE, PRIS has already been implemented over the last few years. DRDO has also submitted its case to Department of Expenditure, Ministry of Finance for grant of PRIS to DRDO scientists. The case is being pursued by the DRDO.

In regard to pay and allowances in private institutions, authentic information is not available. Even the pay and allowances are not standardised in private sector. These are linked with individual qualification, experience, performance, production, sales, etc. And also the service conditions of personnel working in Private Institutions are different from Government Institutions. DRDO, being a Government Organisation, follows rules and procedures set up by the Government. Therefore, comparison of pay scales and allowances of DRDO scientists with private institutions may not be possible.

Recommendation (Para No.46)

The allocations at BE stage exclusively for Navy during the year 2011-12 are for Rs.25246.89 crore against the projected outlay of Rs.40541.07 crore. The analysis of the data further indicates that the gap between projected and BE allocations is there during each year of the Eleventh Plan. However, during the year 2011-12 the said gap (Rs.15,194.18 crore) is more pronounced. Another trend noticed is allocations at BE stage during each year are being enhanced at RE stage. While taking note of the adhocism in providing allocations for Navy, the Committee in Sixth Report had recommended to provide adequate funds at BE stage. The Committee had also recommended to provide additional requirement of Rs.4481 crore as required by Navy during the year 2010-11. When the position was reviewed during this year, the Committee have noted that even when the observation of the Committee was brought to the notice of Ministry of Finance, the additional requirement was neither provided nor any formal response was made by the Ministry of Finance. Consequently, Navy's requirement of additional funds under Capital segment has been met through internal appropriations at RE stage. The Committee note that contracts for various projects towards capability enhancement and modernization of Indian Navy already been concluded and some of the important projects are in the pipeline. Besides many ships and submarines are under construction in India and Overseas. As such the Committee strongly recommend that adequate allocations for Navy should be provided at BE stage itself so as to provide certainty of allocations to Navy.

Reply of the Government

The matter has been taken up with the Ministry of Finance. Projections for RE 2011-12 and BE 2012-13 are presently under preparation by the Services and the same shall be considered and projected to the Ministry of Finance.

Recommendation (Para No.48)

The Committee find that with the augmentation of security along the coast, the pressure on INS Chilka located in Orissa which is a training base for sailors for Indian Navy and Coast Guard has gone up substantially. The training load is at peak as stated by the representatives of the Ministry of Defence. In view of this, the Committee would like to recommend to take all the initiatives to augment the infrastructure so that the quality of training is not compromised.

Reply of the Government

1. Training Load at Chilka. Post 26/11, training load at Chilka has shown a quantum jump due to the enhanced inductions by Indian Navy(IN) and Indian Coast Guard(ICG). The unit is presently undertaking training of 2200 trainees (1900 IN + 300 ICG) as against the designed capacity of 1700, an over-capacity of almost one third.

2. Augmentation of Infrastructure. Following initiatives have been undertaken to augment the infrastructure to ensure that quality of training is not compromised, despite the existing constraints:-

- (a) One building to house 300 trainees is presently under renovation. Special Works for five additional buildings have also been sanctioned.
- (b) Works in respect of the following have been included in Annual Maintenance Works Programme (AMWP) for the year 2011-12. These are likely to be completed by 2014:-
 - (i) Additional 50m Swimming Pool.
 - (ii) 56 additional classrooms.
 - (iii) One additional 300-men accommodation block.

Recommendation (Para No.49)

Modernization of Coast Guard Organisation and integration of various agencies involved with coastal surveillance has gained momentum post Mumbai terrorist attacks. However, there is still persistent threat scenario through sea routes and there is an imperative need for creating a fool proof coastal surveillance network. Establishment of Coast Guard Station, Marine Police Station on hub and spoke basis, setting up of coastal radar chain network and constitution of National Committee on Strengthening Maritime and Coastal Security against threats from the sea with Cabinet Secretary as Chairman are appropriate measures. Making Indian Navy as the agency responsible for overall maritime security including coastal security is also a step forward in reducing ambiguities. Nevertheless, in view of the Committee, there is still need for effective gap analysis and further strengthening of coastal security network. Coast Guard may also speed up the work related to identification of suitable transponders/GPS. The process of land acquisition for establishing Minicoy Coast Guard Air Enclave and other infrastructure related issues should further be paced up so as to augment the surveillance in the region.

Reply of the Government

1. Strengthening of the Coastal Security. In addition to implementation of the approved Cabinet Committee on Security (CCS) directives on 16 Feb 09, the following measures are being implemented for strengthening coastal security:-

(a) Enhanced Coastal Surveillance by IN and ICG Units. Patrols by the IN and ICG along the coastline and off our island territories have been enhanced. During such patrols, investigations of various ships, boats and fishing vessels are carried out. Overall, 5456 surveillance sorties by ships and 1828 sorties by aircraft of IN & ICG have been undertaken for coastal security till 30 September 2011, with 932 surveillance sorties by ships and 307 air sorties in September 2011 alone. There has been an increase of 80% in naval ship deployment and 100% increase in aircraft deployment for coastal security tasking. Surveillance of the Offshore Development Areas (ODA) have also been enhanced.

(b) Coastal Security Exercises (by IN and ICG). Coastal Security Exercises are conducted regularly on both the East and West coasts. In addition, awareness drives to sensitize the fishing/coastal community about threats from the sea are also being conducted by IN and CG in conjunction with State Marine Police in all coastal States. A total of 56 Exercises and 259 Awareness Campaigns for the fishermen community along the coast have been conducted so far from Jan 09 till 30 Jun 11.

(c) National Maritime Domain Awareness (MDA) Project (National MDA). CCS had approved the establishment of a National Command & Control & Communication & Intelligence (NC³I) Network as one of the measures for strengthening coastal and maritime security. The aim of the Network was to integrate all Coastal Radars, the Automatic Identification System (AIS) chain and Long Range Identification and Tracking (LRIT) with the Joint Operation Centers (JOCs) in order to develop a common operational plot by fusing the inputs from all these sensors. As an extension of the NC³I Network, a National MDA project has been conceived in which additional infrastructure such as radars [i.e. Vessel Traffic Management System (VTMS) for all ports] and State Monitoring Centers (akin to the existing JOCs) in all states has been proposed. The CCS note for this project furnished by Indian Navy is under consideration of Ministry of Defence. The estimated cost of the National MDA project is Rs. 1002 Crores.

(d) Identification of suitable transponders/Global Positioning System (GPS). Pilot projects are being undertaken of the suitable transponders for fitment onboard all fishing vessels.

(e) Establishment of Coast Guard Air Enclave at Minicoy. The Board Proceedings for land acquisition have already been submitted by ICG to Directorate General of Defence Estates prior to taking up the case with Ministry of Defence for sanction.

2. Gap Analysis in the Existing Coastal Security Infrastructure. Based on the Hon'ble RM's directives, a gap analysis has been undertaken with the aim to further strengthen maritime and coastal security, by induction of capability to address these gaps, in light of experience gained in the past few years. The gap areas pertain to capability and assets (ships, aircraft, Unmanned Aerial Vehicles) required for persistent surveillance and response to threats in our oceanic areas of interest,

Special Forces for neutralization of threats detected, new organizational structures including manpower and additional infrastructure for supporting coastal and maritime security operations. The broad aims and objectives of the second phase of Coastal Security Scheme are to bridge the gaps observed in the first phase of Coastal Security Scheme, with a view to further strengthen coastal security. Presently, the proposals of Indian Navy and Coast Guard for the second phase of Coastal Security scheme are being processed in the Ministry of Defence for CCS approval.

CHAPTER - III

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

(Nil Recommendation)

CHAPTER -IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation (Para No.2)

The Committee observe that the percentage expenditure under the capital section is declining over the years. The said percentage during the year 2007-08 was 39.02 which declined to 38.75 during the year 2008-09 and then to 36.07 percent during the year 2009-10. Not only that the major part of the allocation is being spent on the committed liabilities. To add to this the spending on the committed liabilities is increasing over the years and the expenditure on the new schemes is declining. The Committee conclude from the aforesaid scenario that the no. of new projects added over the years is declining. The Committee are of the view that the said ratio of the committed liabilities and the new schemes need to be studied carefully. While agreeing to the fact that the defence acquisitions are capital intensive and the committed liabilities may increase over the years with more and more acquisitions added every year, the Committee are of the view that besides meeting the committed liabilities, there is an urgent need to ensure that the no. of new projects added also do not decline. The Committee as such would like to recommend that adequate allocation should be provided particularly under the capital section so as to ensure that more and more new schemes are added every year besides meeting the committed liabilities.

Reply of the Government

The requirement of the Services for capital modernisation as per their Perspective Plans, is projected to the Ministry of Finance. This takes into account not only the requirement for committed liabilities but also the requirement for new schemes. The actual allocation however depends on the allocation made by the Ministry of Finance.

(Please see para No. 5 of Chapter-I of the Report)

Recommendation (Para No.4)

The Committee have consistently been raising serious concern over non-finalisation of LTIPP 2012-27 and Eleventh Plan. So far as LTIPP is concerned, the Ministry has informed that it is in the process of ratification at COSC level and is likely to be approved before the commencement of the Twelfth Plan. With regard to Eleventh Plan, the plan size could not be finalized due to the difference of opinion between the Ministry of Defence and the Ministry of Finance, even when four years of the plan period have already passed and the projections for the last year of the Plan i.e. 2011 – 12 have already been finalized. What is more disturbing to the Committee is the fact that this is not the first time when the Five Year Plan could not be finalised. Tenth Plan too met with the same fate and it has become a continuous practice with the Defence Ministry. Further the Ministry has repeatedly been stating that annual acquisitions are subject to availability of annual budgetary allocations as a result of which modernization programmes of varying extent are being compromised. This trend is totally against the spirit of GoMs report on Reforming National Security System which state that Annual Plans should be strictly as per the five year plans. While expressing unhappiness over the adhocism in the whole planning process in Defence Ministry, the Committee strongly recommend that LTIPP should be finalised without any further delay. Besides all the initiatives should be taken to ensure that the projections for Twelfth Plan are finalised well in advance so that the Twelfth Plan do not meet the fate of Tenth and Eleventh Plan.”

Reply of the Government

1. LTIPP- The LTIPP 2012 – 27 is under final stages of preparation. It will be tabled at the next COSC for ratification and then at DAC for approval.
2. As far as the 12th Defence plan is concerned, the projections from JSOs, have been received and being perused by HQ IDS before wetting by MoD (Finance). The vetted inputs from Army have been received and the inputs from Navy and Air Force are awaited. Once all the inputs are received from all the services, the plan projection for the services would be consolidated and forwarded.

(Please see para No. 8 of Chapter-I of the Report)

Recommendation (Para No.6)

The Ministry after continuous pursuance of the matter had agreed to attempt Outcome Budget in respect of Naval Dockyards besides National Cadet Corps and Married Accommodation Project (MAP) as communicated in the action taken replies to the Sixth Report of the Committee. The Committee are however, distressed to find that even after admitting the fact that there is great merit in adopting Outcome Budgeting, the Ministry now again find problems related to security of information, identification of outcomes in identifiable and measurable terms among others. The reasons adduced by the Ministry do not convince the Committee. This clearly depicts the unwillingness on the part of the Ministry to prepare Outcome Budget. The Committee once again recommend the Ministry to make positive attempt to prepare Outcome Budget.

Reply of the Government

The Outcome Budget documents for the year 2011-12 have been prepared by the identified organisations – DGMAP, DG NCC and Naval Dockyards. These documents are under examination by the concerned wings in the Ministry.

(Please see para No. 11 of Chapter-I of the Report)

Recommendation (Para No.13)

The Committee have consistently been recommending 'One Rank One Pension' to ex-servicemen in their various reports. 'One Rank One Pension' as informed by the Ministry implies that uniform pension be paid to the armed forces personnel retiring in the same rank with same length of service irrespective of their date of retirement and any future enhancement in the rate of pension be automatically passed on to the past pensioners. Pursuant to the recommendation of the Committee, a Committee was set up under the Chairmanship of Cabinet Secretary to look into the issue of 'OROP' and other related matters. Based on the recommendation of the Committee, the pensionary benefits of ex-servicemen including disabled ex-servicemen have considerably been improved by the implementation of seven

recommendations of the Committee. The Committee in the Sixth Report had emphasized to pay various emoluments due to various benefits provided to the ex-servicemen in pursuant to implementation of the recommendations of the Committee headed by the Cabinet Secretary alongwith the arrears, if any, expeditiously. The Committee note that 26 Public Sector Banks and 4 private sector Banks have confirmed that they carried out disbursement of revised pension alongwith the arrears to almost 14 lakh pensioners.

The Committee find that even after implementation of the aforesaid seven recommendations of the Committee headed by the Cabinet Secretary, the demand of ex-servicemen for One Rank One Pension still persists. In this connection when the issue was deliberated during the course of examination for Demands for Grants, the Committee have been informed that One Rank One Pension was not accepted by Forth and Fifth Central Pay Commission, Inter-Ministerial Committee, 2003 and GoM set up in January, 2005 due to administrative, financial and legal reasons. The Committee have now been informed that there is no deadline as to when 'OROP' would be implemented as a very conscious and deliberate decision based on historical facts, legal opinions and concrete judgements has been arrived at by the Government that considerable enhancement in the pension of all ranks has been given and it cannot be hundred percent. With regard to the financial implications, the Committee's examination reveal that the Ministry is not firm about the required outlay for the purpose. During the course of deliberations on Demands for Grants of this year, the representative of the Ministry of Defence has submitted that the financial implication may be Rs. 3500 crore minus Rs. 2200 crore (Rs. 2200 crore is the financial implication for implementation of seven recommendations) that come to Rs. 1300 crore. The Committee have further been informed that the approximate figure of Rs. 1300 crore is per annum and not since the beginning of the period that has to be reckoned for the purpose of One Rank One Pension. The Committee during the course of deliberation on the Demands for the Grants of the previous year had been informed that the financial expenditure would be to the tune of Rs. 8,000 crore to Rs. 9,000 crore per annum if One Rank One Pension is implemented.

The Committee understand that one of the administrative difficulties is availability of records. As informed by the Ministry, CGDA has computerized records from the date since the year 1989 and several records because of the retention schedule have been destroyed. The Committee find that even when Ministry of Defence may not have maintained the records, such records seen to have been available with Banks which as stated by the Ministry have reimbursed enhanced pension to approximately 14 lakh pensioners with the implementation of aforesaid seven recommendations. As such the problem of records can be addressed in coordination with the Banks. The Committee would again like to emphasize that even when implementation of the seven recommendations has improved pension to some extent, the demand of One Rank One Pension of the ex-servicemen still persists. As such the Committee maintain their earlier stand and would like the Government to implement One Rank One Pension so that a large number of ex-servicemen can be benefited.”

Reply of the Government

Pension improvement is an ongoing process and considerable improvements have been made in the pensions of armed forces personnel.

2. The Group of Ministers (GoM) had in 2005 improved the pensionary benefits of PBORs. On the recommendations of PMO, a Committee was set up under the Chairmanship of Cabinet Secretary in June, 2009 to look into the issue of 'One Rank One Pension and other related matters'. After considering all aspects of the matter, the Committee keeping in mind the spirit of the demand, suggested several measures to substantially improve pensionary benefits of Personnel Below Officer Rank (PBOR) and Commissioned Officers, which have been accepted by the Government and orders for implementation of all the recommendations have been issued. These are available at www.pcdapension.nic.in.

3. In the recent past many benefits have been exclusively extended on the Defence side. The Military Service Pay is exclusive to the Armed Forces. Moreover, the New Contributory Pension Scheme has been introduced on civil side but has not been extended to the Defence personnel, who are still covered under defined pension. The promotion prospects of the Officers have also been improved to a great extent with implementation A.V. Singh Committee Report. Pre-2006 PBORs have been extended the benefit that their pension is consolidated on the maximum of their pre-06

pay scales which has bridged the gap between the pre and post 2006 PBOR pensioners to a large extent.

4. The implementation of recommendations of the Standing Committee is being reviewed on regular basis so that maximum pensionary benefits are extended to the Ex-servicemen.

(Please see para No. 19 of Chapter-I of the Report)

Recommendation (Para No.15)

The Committee in their Eighth Report (Fifteenth Lok Sabha) on 'Construction of roads in border areas of the country' had strongly emphasized for fast track procedures for forest and wildlife clearances for construction of border roads. In spite of that as per information provided by the Ministry of Defence, 193 forest/wildlife clearance proposals in respect of high priority roads/strategic roads are still pending with various authorities. During the oral evidence, the Defence Secretary has also admitted that environment clearance is the main issue in delay in construction of roads. While reiterating the recommendations made in the aforesaid Eight Report for streamlining forest /wildlife clearances, the Committee recommend to form a core group of officers from the Ministries involved in forest/wildlife clearances so as to expedite the process of such clearances.

Reply of the Government

To fast-track pending forest clearance cases MoEF has established single window Clearance system at three levels – MoEF, State Government and district. Further it has simplified the forms required to be filled up for obtaining forest clearance. A unified form has now been designed to process simultaneously both forest clearance as well as wild life clearance cases. Regular review meetings are held at a high level in MoD alongwith representatives of concerned States to resolve pending cases. The issue of dispensing with the need for wildlife clearance for the roads falling within 50 Kms of the border is being pursued. An Interlocutory Application has already been filed in the Supreme Court of India to exempt strategic roads within 50 Km of International border/LAC from relevant Acts relating to Forest and Wildlife. Further Ministry of Home

Affairs is also finalizing a Bill for exemption of strategic roads from relevant provisions of forest and wildlife enactments. Joint inter-departmental monitoring team has been setup in Arunachal Pradesh to further speedup the Forest Clearance.

(Please see para No. 23 of Chapter-I of the Report)

Recommendation (Para No.23)

While noting that the administration of Sainik Schools is ailing from variety of maladies, the Committee have consistently been recommending that entire funding of all Sainik Schools should be made by the Central Government on the pattern of Kendriya Vidyalayas. The Ministry's stand in this regard has been that Sainik Schools are conceived as a joint venture of the Central Government and State Governments. When the issue was again raised during the course of the examination of Demands for Grants of this year, the recommendation does not seem to be agreeable to the Ministry. The Secretary of the Ministry during the course of the deliberations emphasized that it is Bhagidari with the States which is forcing the Ministry to share expenditure with the States. The Secretary further elaborated that the Centre-State share was 50-50 and now in some States the Centre's share has been increased to sixty per cent. In this connection, the committee would like the Ministry to furnish the name of the States which are finding it difficult to bear the finances involved in running these schools. Besides the Committee would also like to be apprised about the name of the States in which case the Centre share has been increased from 50 to 60 per cent as stated by the Secretary.

The Committee may again like to emphasize that Sainik Schools have always played a unique role as a recruiting and training ground of future officers of the forces. As such there is an urgent need to look into the concern of various States with regard to meeting the desired expenditure in running the schools. As acknowledged by the can easily be born by the Central Government. As far as the concept of Bhagidari is concerned, the States are already providing land for these schools. To further ensure the State's involvement in running these schools, the Committee recommend that the Centre funding may further be increased to 90 per cent. 10 per cent funding by the State Governments as well as their bearing the land part would be sufficient to justify

the Bhagidari concept. Moreover this would also address the issue of some of the States who are not able to bear the working expenditure of these schools.

Reply of the Government

The recommendation of the Standing Committee has been examined in detail. It is submitted that the Sainik Schools are conceived as joint ventures of Central Government and the State Governments set up primarily with the aim to remove regional imbalance in officer cadre of armed forces. 67% of the seats in each Sainik School are reserved for boys from the state in which the Sainik School is located to attract children of that state/region into the armed forces.

2. Sainik Schools are unique assets of the State Governments. They provide land free of cost, build and maintain the school infrastructure. In addition, they award scholarship on merit-cum-means basis. The importance, therefore, of the role of the State Government in running the School should not be done away with.

3. Ministry of Defence provides three service officers and the APTCC/NCC instructors to the Sainik Schools besides scholarships to the cadets. There is no fixed ratio in financial terms between Centre and State Governments.

4. Sainik schools were expected to be financially self-sufficient institutions. These depend mainly on fees paid by the parents. It is seen that the schools that are regularly getting funds from the State Governments are better run. The schools such as Bijapur & Kodagu (Karnataka), Ghorakhal (Uttarakhand), Gopalganj & Nalanda (Bihar) and Kunjpura (Haryana) are getting regular funds from respective State Governments. The Schools such as Balachadi (Gujarat), Chittorgarh (Rajasthan), Goalpara (Assam), Nagrota (J&K) & Rewa (Madhya Pradesh) are not getting regular funds from respective State Governments. Without diluting the responsibilities of the State Governments, the Centre has steadily increasing its contribution and investment towards Sainik Schools. There are three States having two Sainik Schools and hence the contribution of Central Government is more in these States.

5. The Ministry of Defence has provided grants-in-aid of Rs. 73.10 crore (including 44 crores to then 22 Sainik Schools @ Rs. 2 crore for infrastructural improvement),

55.00 crore and Rs. 59.00 crore during the financial year 2008-09, 2009-10 and 2010-11 respectively. The grants-in-aid provided by the Ministry of Defence includes Scholarship and subsidy to the cadets, training grants, 80% of additionality of implementation of recommendations of 6th Pay Commission on account of pay and allowances and pensions of employees of Sainik Schools and improvement of infrastructure.

6. Recently, Ministry of Defence has initiated following steps:-

(1) Enhancement of Defence Scholarship from Rs. 10,500/- per annum to Rs. 32,000/- per annum to Non Commissioned Officers and other ranks and from Rs. 5250/- per annum to Rs. 16000/- per annum to Junior Commissioned Officers w.e.f. financial year 2010-11.

(2) Increase in subsidy amount provided to all categories of cadets on tuition fee and dietary charges from Rs. 10,000/- to Rs. 16,000/- (approx.) w.e.f financial year 2010-11.

(3) Provide 100% additionality on account of implementation of recommendations of 6th Pay Commission in respect to pay and allowances of employees of Sainik Schools as grants-in-aid.

(4) Provision of Grants-in-aid of Rs. One Crore annually to each of the 24 Sainik Schools for infrastructure and modernization. The modalities for utilizing this grant are being prepared for improving the schools without diluting the responsibility of the State Governments towards them.

(Please see para No. 27 of Chapter-I of the Report)

Recommendation (Para No.25)

The Committee note that World War I & II veterans at present are being provided some sort of financial assistance. As per the written note of the Ministry, State/UTs, have been approached by the Department of Ex-servicemen Welfare for enhancing the financial assistance to a minimum level of Rs.3000 per month. As such some of the States have increased the amount and the financial assistance differ from States to States depending upon their financial resources. From the aforesaid position, it seems

that these world war veterans may also be getting financial assistance even less than Rs. 3000 per month. The committee in this regard would like to be apprised of the details of the financial assistance being provided to these veterans State/UTs wise.

Reply of the Government

The detail of Financial Assistance being provided to the World War Veterans State/UT wise is given at Annexure I. State Governments have already been requested by the Central Government to enhance the Financial Assistance to World War Veterans to at least to Rs.3000/- Per Month, and the matter is being perused with State Governments.

(Please see para No. 30 of Chapter-I of the Report)

Recommendation No. (Para No.26)

The Committee had recommended as under:-

The Ministry has stated that there are 43362 World War II veterans. World War happened in 1939 to 45. If the average age of the veterans at the time of World War is presumed as 20 years, average age of veterans today would be approximately 90 years plus. Keeping in view the aforesaid position, the data furnished by the Ministry do not seem to be realistic. The Committee feel that only few veterans that too with regard to World War II may be alive. As such there is an urgent need to ensure that these veterans live with dignity at the fag end of their life. Even if it is considered that all States are paying as Rs. 3000 per month, the Committee consider it a petty amount more so when the veterans are not provided facilitates like ECHS, CSD canteen. The Ministry should collect the data of such veterans State/UT wise and should ensure that adequate financial assistance and other facility like ECHS, CSD canteen admissible to other armed forces personnel be given to them.

Reply of the Government

The data pertaining to the number of World War Veterans is compiled by the Kendriya Sainik Board/Directorate General of Resettlement through Rajya Sainik Boards & Zila Sainik Boards. Because of constraints of manpower and budgetary support to these Boards, there is no mechanism in place to conduct extensive census to determine the number of these World War Veterans and data is based on the voluntary registration by the individuals with respective Rajya Sainik Board/Zila Sainik Board. However, in view of the specific direction of the Committee, Kendriya Sainik Board/Directorate General of Resettlement have been advised to undertake afresh the process of collection of data in respect of WW II Veterans, which would help in determining the quantum of budgetary support required for extending financial assistance to them.

World War II Veterans have already been made entitled to the facility of CSD Canteen. However, ECHS facility is restricted only to those Ex-Servicemen who are in receipt of pension.

(Please see para No. 32 of Chapter-I of the Report)

Recommendation (Para No.28)

The Committee note that Sena Medal is ranked higher in the Order of Precedence than Police Medal for Gallantry and the awardees of Police Medal for gallantry have been allowed 75% concession on basic air fare by Indian Airlines, and free II AC/Sleeper travel along with a companion by Railways. No such concession has been extended to Sena/Nao/Vayu Sena Medal awardees by the Air India/Railway Board. The Committee also note that the Ministry has taken up the matter regarding parity in rail concessions with the Railway Board.

Considering the fact that Sena Medal awardees are ranked higher in the Order of Precedence than Police Medal for gallantry and both the medals are given for same types of valour, therefore, the Committee desire that awardees of all three types of

sena medal i.e. Sena/Nao/Vayu should also be given facilities/concessions in rail and air travel as provided to the winners of police medals”.

Reply of the Government

In so far as para 28 (Facilities to Medal Winners) of Recommendations of Standing Committee on Defence contained in 12th Report is concerned, it is hereby informed that the President’s Police Medal for Gallantry awardees have been provided with complementary railway passes while Sena/Nao Sena/Vayu Sena Medal gallantry awardees of the Armed Forces who rank higher in the order of Precedence than the President’s Police Medal for Gallantry awardees have been denied this facility. The matter has been taken up with Railway Board on few occasions in past at the level of Defence Secretary and Special Secretary. However, no fruitful outcome has been achieved yet.

Air travel concession is being extended to the awardees and their widows. However, the issue of grant of air travel concession to next of kin of unmarried posthumous awardees was taken up with Air India. Air India expressed their inability to accede additional request for grant of air travel concession to any category of awardees other than Bravery Level I & II awardees, who are already in receipt of the air travel concession. It was further intimated that in pursuance of a decision taken in the Meeting of Secretaries held on 05th March, 2003 all pending and future requests for concession would be processed by them on the basis of reimbursement of subsidy by the Ministry sponsoring the request/concession. In this connection a copy of their Reply No. HCD/8-R/70 dated 03 Dec 2010 is also enclosed.

(Please see para No. 36 of Chapter-I of the Report)

Recommendation (Para No.32)

With regard to the shortage of officers, the Committee note that out of the deficiency of 828 officers 414 is for pilots. The Committee during the course of deliberations have been informed that the proposal with regard to considering NCC Cadets and pilots with civil license for recruitment in Air Force is under consideration.

The Committee has also been informed that the basic qualification requirement is not being diluted. The Committee feel that there may be sufficient number of NCC Cadets and pilots with civil license which may meet the basic qualification requirement of Air Force and by taking the decision in this regard, Air Force may be able to recruit some additional pilots. The Committee as such strongly emphasize to take early decision in this regard.

Reply of the Government

(a) The shortage of officers in IAF, as on 01 August, 2011 is 763, out of which 408 are pilots.

(b) There has been a concerted effort to induct more NCC cadets as officers in all the branches of the IAF. To enhance the induction of NCC cadets a Fast Track Selection (FTS) based on the campus placements process in respect of NCC cadets was conducted in October 2010. In this FTS, a total of 35 NCC cadets were recommended for second phase of testing. In January, 2011, a motivational lecture and a FTS for NCC cadets was also conducted during the Republic day Camp. All efforts are being made to motivate NCC cadets to join the IAF.

(c) The Indian Air Force gives two years age relaxation to candidates who are holding current Commercial Pilot's Licence (CPL) issued by DGCA (India) for induction into Short Service Commission of Flying Branch. The upper age limit for CPL holder candidates is relaxed to 25 years, whereas for the other candidates it is 23 years."

(Please see para No. 40 of Chapter-I of the Report)

Recommendation (Para No.33)

The Committee note from the information furnished by the Ministry that 999 aircraft accident cases in Air Force have so far been reported since 1970. So far as the cause of accidents is concerned, the analysis of the data made available by the Ministry indicates that in majority of the cases the cause is technical defect or human error (Aircrew). In 39.5 per cent of the cases technical defect is the cause and in almost

equal number of cases i.e. 39 per cent of the cases human error (Aircrew) in the reason. On the issue of addressing to the human error aspect, the Committee notes that training of the pilots can play an important role. In this context, there is an urgent need to have adequate trainers and simulators. The Ministry itself has acknowledged that an area of concern has been the availability of suitable trainer aircraft to meet the training requirement of our young pilots. The Committee further note that the existing strength of Indian Air Force trainer fleet includes HPT-114 number, Kiran MK-1/1A-96. The Committee have further been informed that HPT-32 and Kiran MK I & II would be replaced with the new induction of Basic Trainer Aircraft, the Intermediate Jet trainers and the Advance Hawk Jet trainer aircraft. The representative of the Air Force during the course of deliberations has acknowledged that they have issues of Advance Jet Trainer which they did not have for a number of years. The Committee feel that there is an urgent need to modernize the trainer fleet of IAF and as such the proposed inductions should be acquired expeditiously so that the outdated trainer aircraft are replaced which would certainly improve the training scenario in Air Force.

Reply of the Government

Availability of Suitable Trainer Aircraft

1. The IAF is pursuing the modernization of its trainer aircraft. The developments in this regard are as follows:-

(a) Advanced Jet Trainer (AJT) . The IAF has already inducted 51 Hawk aircraft in the role of AJT. The plan is to induct a total of 106 aircraft. The rate of induction is approximately 02 aircraft every month, which is the rate of production of these aircraft under license by HAL. HAL has delivered 15 AJTs during 2010-11 and is to deliver another 15 aircraft during 2011-12. The delivery of additional 57 AJTs is expected to be completed by 2016-17 .

(b) Basic Trainer Aircraft (BTA). The case for replacement of existing HPT-32 with the BTA has been pursued vigorously and is expected to be finalized within the current financial year.

(c) Intermediate Jet Trainer (IJT). The IJT has been under development as a replacement for the Kiran aircraft . The likely entry into service of the IJT is now expected earliest by 2014.

2. Simulators are being inducted with the above aircraft being procured, to add further value to flying training.

(Please see para No. 43 of Chapter-I of the Report)

Recommendation (Para No.35)

The detailed deliberations with the representatives of MoD and Air Force in the context of examination of Demands for Grants has revealed that the Ministry did not have the information with regard to the rate of accidents of MIG aircraft in the manufacturing countries as well as the other countries which have purchased these aircraft. The Secretary has acknowledged that Russian are extremely reluctant to share certain information. The Committee feel that the selling countries not divulging the vital information is a matter of serious concern. Our system of making purchases without making the selling country binding for sharing such information is to be blamed in the aforesaid scenario. As such, the Committee strongly recommends that in all the future purchases the condition to mandatorily sharing the information with regard to the accidents and helping us in case of technical defect should be inbuilt in the agreement itself. Besides, the Ministry and Air Force should try to gather the information about accidents of various types of aircraft through our intelligence mechanism so that a comparative study can be made which definitely help the country in taking corrective action to check the rate of accidents.”

Reply of the Government

With regard to the directions mentioned in the para that ‘All the future purchase the condition to mandatorily share the information with regard to the accidents and helping us in case of technical defect should be inbuilt in the agreement itself’ . It may be stated that while there are ‘product support’ clauses in the standard RFP (para 11) and the standard contract document(Article 30) of Defence Procurement

Procedure,2011 it does not necessarily require giving of information relating to accidents.

(Please see para No. 46 of Chapter-I of the Report)

Recommendation (Para No.37)

The Committee from the detailed information made available by the Ministry with regard to the reasons of accidents of aircraft in Air Force note that in some of the cases HE/HAL (Human Error /Hindustan Aeronautics Limited) and TD/HAL (Technical Defect / Hindustan Aeronautics Limited) has been given as the reason for the accident. Besides, the Ministry in the written note has acknowledged that inadequacy of quality checks / assurances for the aircraft services / overhauled / produced at Hindustan Aeronautics Limited need to be addressed on priority. Not only that the Ministry has also stated that the process of enforcing quality assurances by Director General Aerospace Quality Assurances (DGAQA) further need to be strengthened. The Committee while taking note of the areas of concern may like to urge that these issues need to be taken up with HAL and DGAQA on an urgent basis. Besides, there is an urgent need to synergize the efforts made for flight safety amongst the various agencies viz. HAL, DGAQA, Air Force and MoD. The periodicity of quality checks may further need to be reviewed.

Reply of the Government

Quality Assurance in aviation industry is of utmost importance and thus takes a prime place. Quality Checks and Audits of HAL are being carried out regularly or on specific requirement by joint IAF, CEMILAC, DGAQA and HAL teams and all important quality issues are addressed. Additional IAF officers have been posted to strengthen DGAQA organization.

(Please see para No. 50 of Chapter-I of the Report)

Recommendation (Para No.47)

The Committee finds from the information made available by the Ministry that delivery schedule in respect of some of the important projects of Navy has been revised resulting into huge cost escalation. Some of the delayed projects in this regard are Gorshkov, P-15, P-15A and P-17. The analysis of the data furnished by the Ministry indicates that cost escalation in respect of Gorshkov, P15, P-15A and P-17 has in fact been four times of the initial estimated cost. While deploring the delay in acquisition of some of the important projects, the committee strongly recommended that all the precautions should be taken so as to ensure the delivery of important projects is not further delayed and the projects are delivered by revised indicated dates. The Committee may also like to be informed about the specific reasons for delay of the said projects.

Reply of the Government

1. **Gorshkov.** The induction of the Gorshkov/Vikramaditya is re-scheduled due to the necessity to carry out additional works for renewal of almost all equipment/systems, hull structures, cabling and application of long-life paint to afford greater protection to the ship's steel plating. The delivery date of the ship has been revised to December, 2012 with attendant revision in prices. However, the additional works have increased the service life of the Carrier significantly which will now be similar to the service life of a new Aircraft Carrier.

- 2 **Project P-15** - P-15 was the first platform of the size of a destroyer to be indigenously designed and built and commissioning of the Delhi Class of ships was a landmark achievement for the nation. The major reason for delay in completion of the project were as follows:-
 - (c) M/s MDL had not built a ship of this complexity and there was a necessity to integrate weapons and sensors of different origin on board the ship.

(d) The weapons, sensors and propulsion system of three ships were predominantly of Soviet origin. After the collapse of the Soviet Union, delivery and installation of these systems was adversely affected which caused major slippages in timely completion.

3 **Project P-15A** – The initial government sanction for Rs. 3580 crore accorded in May, 2001, was only an estimate which was based on the P-15 cost at 1999 price level (without taking inflation into account). At the time of seeking initial sanction, it was stated that the cost of weapons & sensors would be finalised closer to the date of construction so as to avoid obsolescence. This was the first stage sanction. Therefore, the revised government sanction of Rs. 11662 crore accorded in Feb, 2006, is not an escalation but a revision to the cost. Some of the factors that caused time delays and revision of cost are as follows:-

(c) **Delay in Supply of Warship Building Steel.** Steel was ordered from M/s Promote, Russia in three lots of three ships. After supply of the first lot of steel in May, 2004, the firm stopped supply demanding higher prices on account of sharp increase of steel prices in the international market. The shipyard was left with no option but to re-negotiate the price, which delayed the supply by 18 months.

(d) **Impact of revised wages.** The component of labour and labour overhead escalated substantially due to revision in wages over the build period.

(c) **Services of Russian Specialists.** The expenditure towards securing the services of Russian specialists was initially based on Soviet era rates. These revised rates are substantially higher and have added to the cost of the ships.

(d) **Finalisation of cost of weapon and sensors.** The ships of P-15A were envisaged to be fitted with state of the art weapons and sensors in place of conventional ones. The initial approval of government in May, 2001 was based on the estimated cost as they were in developmental stage.

4. **Project P-17.** The initial government sanction for Rs. 2250 crore was accorded in January, 1998. The initial estimates were based on the weapons supplied

by the Russian side for P-16A and P-15 ships which were inducted into the Indian Navy in 80s and early 90s. The main reasons for the higher cost of these Russian weapon systems is the commercialisation of Russian military hardware industry as against the earlier State controlled regime. As a result, Russian equipment initially estimated to cost about Rs. 93 crore per ship finally costed Rs. 707 crore per ship. This increase in cost of Russian origin equipment alone accounts for 68% of the increase in the cost of equipment. The revised government sanction was accorded in March, 2006 for Rs. 8101 crore, including Rs. 217 crore towards yard modernisation. The factors effecting delay in delivery are as follows:-

(e) **Delay in availability of Warship Quality Steel .** The order for the steel was placed in April, 2000 on a Russia firm and the delivery had commenced from July, 2000. However, disagreement between the bankers of both parties on Letter of Credit (LC) led to a delay in the delivery of steel.

(f) **Delay in acquisition of Weapon equipment from Russia.** The P-17 design was primarily for Russian origin weapons. Though a memorandum was presented to the Russian side in Sept, 1995, the offer was received only in Nov, 1998 as Russia was in the process of adjusting to the new political reality after the collapse of the former Soviet Union. In view of late response from the Russian side, the contract for the weapon package could only be signed in April, 2000 i.e. 13 months after the scheduled date. This affected the finalisation of structure drawings as technical/binding data was not available.

(g) **Delay in finalisation of propulsion equipment view complex Combined Diesel and Gas (CODOG) Arrangement.** It was the first time that the Indian Navy was designing a frigate with Combined Diesel or Gas (CODOG) main propulsion. Refining the requirements and evaluation of the technical offers received for the Propulsion System Integration (PSI) and studies took about 20 months as against 6 months originally envisaged. This had a cascading effect in finalisation of structural drawings.

(h) **Withdrawal of support from US OEMs.** The order for the CODOG main propulsion, LM 2500 Gas Turbine was placed on US firm M/s General Electric Company (GE) in 1998 when India had conducted the Pokhran II nuclear test. This resulted in slowdown in support from the firm. Once again, in 2009, the propulsion trials of the first ship were delayed as the US government desired M/s GE to conclude a Technical Assistance Agreement (TAA) with the Indian side which took some time to be completed.

(Please see para No. 53 of Chapter-I of the Report)

CHAPTER -V

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

Recommendation (Para No.12)

The Committee observes that a fully secure and dedicated nationwide optical fibre network for Army & Navy was to be laid by MoC&IT. The supply order of the equipment was to be placed by 13 Aug 2010. However, this timeline has not been met by MoC&IT till date. The Committee desire the Ministry to complete the task in a time bound manner.

Reply of the Government

An MoU on vacation of Spectrum was signed between MoD and MoC & IT on 22.5.2009. As per the MoU, MoC & IT was to lay out a fully secure and dedicated nationwide Optical Fibre Network for Defence, Promulgate Defence Band and Defence Interest Zone and Waive off spectrum usage charges for Defence in lieu of spectrum to be released by Defence. Consequent to the signing of the MoU, Full Telecom Commission (FTC) on 28.8.2009 constituted an Inter-Ministerial Group (IMG) for vetting the scope and specification of the Network. Defence Services prepared a report containing the scope of the project, System Requirements and Technical Specifications. M/s. BSNL prepared a Detailed Project Report (DPR) based upon this report. Subsequently, IMG submitted its report to FTC on 16.11.2009 and same was endorsed by FTC on 23.11.2009. The Cabinet Committee on Infrastructure (CCI) approved the IMG report on 3.12.2009 and earmarked Rs. 9175 Cr for the project NFS including Rs. 1077 Cr for AFNET. It was also directed by FTC that project should be implemented by BSNL and would be book transferred to Defence Services on completion of the project. The PDC of the project was December, 2012.

Scope of Project as per MoU

Project NFS being implemented by BSNL, as part of MoU has following four distinct components :-

- (e) Tri-Services backbone network interconnecting 414 locations (Army 219, Navy-33 and Air Force – 162).
- (f) Army Access Network.
- (g) Naval Access Network.
- (h) Migration of AFNET of NFS Backbone.

In addition to the laying out of the fully secure and dedicated nationwide optical fibre network for Defence Services by MoC & IT, the following important tasks were also to be undertaken by Moc & IT in Aug 2010 :-

- (c) Promulgation of Defence Band and Defence Interest Zone for use of Electromagnetic Spectrum by Defence and Strategic Forces.
- (d) Waiver of Spectrum User Charges.

Progress

The tender documents for Tri-Services backbone OFC and Army and Naval Access OFC was floated by BSNL in Feb-Apr 2010. The tech-commercial evaluation of the bids for the tenders was carried out in Aug 2010 by a CET. As per the DPR, the cost estimate of only the OFC component for tri-Services backbone and Army & Naval Access Networks was Rs. 2000 Cr, whereas the L1 Quoted cost of the tenders was Rs. 7500 Cr. Due to this escalation in the cost, FTC on 30.11.2010, directed MoD to vet the user specification & requirements and BSNL to carry out its cost estimations based upon the Defence QRs. Reply of MoD on the issue was forwarded in February 2011 stating that since FTC itself had constituted IMG to define scope and specifications of the network, the technical issues be referred to IMG to firm up and authenticate the specifications.

Concerns of Defence Services regarding the delays in execution of MoU and for expediting project NFS were also communicated to Chairman E-GoM and Hon'ble Telecom Minister on 25.2.2011. Since the user specification and cost were worked

out by an IMG, MoC & IT on 3.3.2011 reconvened the IMG to look further into the user requirements and cost estimates. Four meetings of IMG were held on 10.3.2011, 11.4.2011, 26.5.11 and 29.6.2011. The preliminary inputs in terms of sub system level user requirements and Schedule of Requirements (SoR) were handed over by Defence to BSNL on 13.4.2011. It was also decided that BSNL would do the costing based on the two documents and their implementation plan. Detailed SoR based on numerous technical interactions with BSNL were forwarded to BSNL on 25.5.2011. On 29.6.2011, IMG decided that a joint review of all the documents should be done by Defence and BSNL representatives. The Joint Review Report was signed by all representatives on 19.7.2011. The same was forwarded to BSNL on 20.7.2011 for carrying out cost estimates. It is learnt that BSNL has submitted the complete report including the cost estimates to IMG on 12.8.2011. The next and final meeting of IMG is scheduled on 19.8.2011.

The project is being implemented on Mission mode basis and would restart after the necessary approvals are taken by MoC&IT. BSNL is likely to complete the project within a time frame of 36 months post approvals.

Defence Band, Defence Interest Zone and waiver of Spectrum usage charges though agreed are yet to be promulgated/notified by MoC&IT.

(Please see para No. 15 of Chapter - I of the Report)

Recommendation (Para No.18)

From the data furnished by the Ministry it is seen that there is a huge gap between authorized and held strength of officers of Army after accretion of 1260 officers for infrastructure development in the North East. Consistently every year, the Ministry is giving the same reply quoting AV Singh Committee report and sustained image projection campaign to bridge the gap. The Defence Secretary during the course of deliberations seems to be very optimistic about filling up the shortage particularly after implementation of Sixth Pay Commission. However, the increasing gaps between the

authorised & held strength as is apparent from the data furnished by the Ministry clearly indicates about the inadequacy of the initiatives being taken by the Ministry.

On the present system of selection of officers, the Committee have been informed that the Government of India in 1948, decided to examine the system of selection of officers and appointed an Experts Committee, (The Ghosh Committee) for the purpose. The said Committee recommended that the current system was sound but needed improvements and modifications which were to be effected by a research organisation and therefore, the Psychological Research Wing (PRW) came into being which, by August, 1962, developed into a Directorate of Psychological Research. As stated by the Ministry the only major modification introduced till date was the elimination of the interview by a Psychiatrist and stated that system of selection has been able to cope with the requirements of the country.

The Ministry has informed through its reply that a study to improve the system of selection of officers entitled 'Development of a de-novo selection system to meet the challenges of non-conventional warfare' is in progress at Defence Institute of Psychological Research (DIPR). It has also been stated that present system is working fine. The Committee wonder that if it is true then where was the need to conduct the study to improve the selection system. The Committee note that the present system of selection of officers in armed forces has the lineage from the pre independence period i.e. year 1943. Even when the selection procedure for civil servants, IIT graduates and also of the higher level recruitments made by the private sector are constantly being reviewed over the years, the armed forces are clinging to the same set of selection system for the last 63 years except one modification.

The Committee understand that over the years with the advent of new technology, wars are now being fought differently and focus has been shifted from person to person combat to complex integrated system involving computers, high speed communication equipment and sensors. The advantage of modern systems in fighting the wars in the night has again forced nations to develop night fighting capabilities resulting in relying more on technology than conventional methods. Considering the above fact, the Committee are of the view that it is high time that the Ministry should look into the issue of selection of candidates, aspiring to become officers in armed forces afresh keeping in mind changing face of wars to be fought in

future. The Committee therefore, would like the Ministry to review the selection procedure critically keeping in view the challenges lying ahead. Besides, all the desired initiatives should be taken to motivate the youth of the country to join Army so as to address the issue of shortage of officers.

Reply of the Government

Ministry is closely looking into the issue of shortages of officers, at the highest level, so that the gaps between the authorised & held strength be reduced. In order to increase the intake of officers, recently Cabinet have cleared a proposal for setting up of seven new Service Selection Boards: 2 for Army, 3 for Navy and 2 for Air Force, which will ensure that more number of candidates are tested for induction into the Armed Forces. This will help in reducing the shortage.

As regards, system of selection, it is true that the structure of the selection system being followed from pre-independence period has been amended from time to time. In this regard, periodic review of the selection system has been carried out by Defence Institute of Psychological Research (DIPR). Apart from replacement of Psychiatrist as an Interviewing Officer (as indicated in the Point 18, para 2), the major modifications were done in the form of revision of tests, development of parallel forms, inclusion of Stage-I Selection System (1998), Customization for Women Entry (1991-1992), Development of Online Self-Assessment Military Aptitude Test (2009), Development of Comprehensive Battery for Cognitive Assessment (parallel run in progress) and Computerized Pilot Selection System (serial production in progress) etc. Automation using modern IT tools has also been introduced in the Test procedures. The need to review present selection system and to develop a new selection system (De Novo System) was felt after examining the various concerns highlighted by various forums involving Parliamentary Committees and Service Hqrs. Accordingly, a proposal was launched in the form of XI Five Year Plan to develop the De Novo Selection System. The major objectives of this programme are as follows:-

- (i) To take into cognizance the socio-economic changes that may have taken place in the psyche of today's youth.

- (ii) To identify the skill variety that is required to face tomorrow's warfare involving technological advancement and operational challenges.
- (iii) To develop more candidate-friendly assessment system involving economy of testing time and automation.
- (iv) To finally evolve the selection system comparable to current selection system and compatible to recent scientific developments.

Work is in progress to develop a 'De Novo' selection system and is likely to be finalised by 2013.

(Please see para No. 40 of Chapter - I of the Report)

Recommendation (Para No.24)

The Committee are informed that thousands of trained soldiers are being used as Sahayaks to the Officers/Junior Commissioned Officers. The Ministry argued in favour of Sahayaks stating that the Sahayaks assist the officers in communicating on the radio, delivering messages, erecting shelters, and when isolated in operations and other similar conditions. In operations, the army functions in teams of two personnel each. Every sub unit has earmarked teams wherein the two individuals function as a well knit team. One covers the movement of the other and protects him in operations. Support has to be total-mental physical and moral. The officer/JCO and his Sahayak thus become a team; it is essential that in peace time a team spirit and personal equation is allowed to develop between the two. The provision of this facility is essential in the Army for leaders to carry out their assigned tasks effectively. It is a relationship based on faith, respect for each other where laying down own life for the other is quite a norm. This cannot be developed instantaneously and deserves to be built up over a period of time. However, the Committee are not convinced with the view point put forth by the Ministry and feel that as the practice of Sahayaks is also not present in Navy and Air Force, this practice should be abolished in army also.

The Committee are further dismayed over the fact that recommendation of the Committee made in their Thirty-first report on 'Stress Management in Armed Forces' was misquoted in the circular issued by the AG Branch of Army, which stated that scrapping/ abolition of the practice of employment of Sahayaks would not be in the organisational interest and was even not commented upon as such in the Report of the Standing Committee. Not only that the Ministry of Defence too did not notice the misreporting of the recommendations of the Committee. The Committee place on record their anguish over the disrespect to one of their important recommendation and the Ministry owe an explanation in this respect.

Reply of the Government

The observations of the Standing Committee have been taken up for fresh examination by the Ministry. The Committee will be apprised about the development in this regard in due course.

It is regretted that the sentence "and was even not commented upon as such in the report of the Standing Committee" at para 7 of Army Hqrs. AG Branch's note NO.B/32009/AG/PS 2(c) dated 1st May, 2009 was inadvertently included as a matter of oversight. The ibid note may please be treated as cancelled. Ministry of Defence sincerely regret the misunderstanding caused due to misreporting of facts in the Army Hqrs. note referred above.

Recommendation (Para No.27)

The Committee while examining the Demand for Grants of the previous year had noted that the Government has not maintained any data with regard to war widows and disabled soldiers who had laid down their lives and disabled pensioners who had lost their limbs to safeguard their nation, even though certain benefits are being provided to them. The Ministry in the action taken note has stated that action is in

progress for getting the data of disabled/war disabled pensioners and as a result of concerted efforts made some data in respect of disabled/war disabled pensioners has been received. When the position was reviewed while examining Demands for Grants 2011-12, the Ministry has again informed that the process of collection of data is in progress and some data which has been reported by PCDA (P), Allahabad right from 1951 onwards, however, does not include the data relating to Air Force and Navy after 1985. It has further been stated that there is no proposal to increase the family pension to war widows.

The Committee are surprised to note that even when some benefits are being provided to war widows and disabled soldiers, the Ministry could not maintain the data in this regard even after pursuing the matter by the Committee in their various reports. The Committee may like to emphasize here that it is the duty of the Nation to take care of the families of the martyrs who have laid down their lives for the motherland. To review the position with regard to the benefits extended to these martyrs it is utmost necessary to collect the preliminary data. As such, the Committee again like to emphasize that the Ministry should collect the data from various sources particularly when war widows and disabled soldiers are already being provided some benefits. The position of financial and other benefits being extended may be reviewed after getting the preliminary information and it should be ensured that adequate benefit is provided to enable the war widows and disabled pensioner a life of dignity. The concrete action in this regard should be taken and the Committee informed accordingly.

Reply of the Government

The details of financial assistance and other benefits available to War Widows and disabled pensioners are given at Annexure II. As regards to the collection of data in respect of War Widows and disabled soldiers, it is informed that for collection of data, Department of Ex-Servicemen Welfare, Directorate General of Resettlement & Kendriya Sainik Board are dependent upon Rajya Sainik Boards/Zila Sainik Boards. Since the registration of the details with RSB/ZSBs is not compulsory, the authentic data is not available. Recently, the Department of Ex-Servicemen Welfare has evolved a format to develop a comprehensive database on Ex-Servicemen/Dependants which has been circulated to Directorate General of Resettlement/ Kendriya Sainik Board

with directions to circulate the same to Rajya Sainik Boards and Regimental Record Offices.

Recommendation (Para No.30)

The Demands for Grants of Air Force during the year 2011-12 are for Rs.46209.98 crore against the allocation of Rs.40462.45 crore during the previous year. The trend of expenditure under the Capital head indicates under spending during the first three years of the Eleventh Plan. The under-spending during the year 2008-09 was for Rs.2673.22 crore and Rs.1563.30 crore during 2009-10. Although the allocations made for Air Force under Capital and Revenue heads are being increased in absolute term, the under-spending has resulted into lower percentage – wise spending under the capital head. The said percentage was 15.72 percent during 2008-09 which declined to Rs. 13.09 percent during the year 2009-10. Although Air Force have been able to spend the allocation under the Capital Head fully during the year 2010-11 as acknowledge by the Secretary, the Committee's examination has revealed that during the Eleventh Plan Rs.96746.28 crore were allocated for modernization of Air Force. However, the actual expenditure incurred upto 28th February, 2011 is Rs.60963.51 crore. The Ministry has informed that the balance amount i.e. Rs.35782.77 crore would be spent in the remaining part of the Eleventh Plan. The Committee observe that acquisition for Air Force are highly capital intensive. Keeping in view the fact that acquisition for some of the aircraft, helicopter, radars etc. are in pipeline, and Air Force target is to reach a level of 42 squadrons by the end of Thirteenth Plan, the Committee strongly recommend that the required allocation particularly under the capital head should be made available to Air Force so that the important projects do not suffer for want of resources. Further, while recommending for adequate resources to Air Force, the Committee would also like to emphasize that the resources made available to Air Force should be effectively utilized so that the Ministry of Defence can present their case effectively to the Ministry of Finance for getting the adequate allocations.

Reply of the Government

The matter has been taken up with the Ministry of Finance. Projections for RE 2011-12 and BE 2012-13 are presently under preparation by the Services and the same shall be considered and projected to the Ministry of Finance.

2. At the close of the second quarter, Air Force has utilised 33.11% of its BE allocation for capital acquisition.

Recommendation (Para No.38)

The Committee find that a crash laboratory is being set up at Institute of Safety for giving a practical exposure of accidents investigation and build up expertise level. Alongside, a wreckage museum is also being set up with display of cut our models or crashed aircrafts components as training aids. The Committee note that all the proposed initiatives are in the right direction and the crash laboratory and wreckage museum should be set up expeditiously.

Reply of the Government

Setting up of the Crash Laboratory and Wreck Museum are in progress.

Recommendation (Para No.50)

The constant piracy/robbery threats by Somalian pirates in the Indian Ocean is a cause of concern. Vulnerability to piracy/robbery etc. affect country's strategic maritime interests. Sea trade consists of major volume of country's financial trade and it is vital for appropriate growth. Hence, it is pertinent for Navy to create safe and secure

maritime environment. Therefore, the Committee recommends the Ministry of consider setting up of separate units under Indian Navy to deal with the issues related to piracy. Beside more stringent measures may be taken in the direction of making Indian Maritime Zone safe for fishermen and trade.

Reply of the Government

1. **Anti Piracy Operations.** One ship on a rotational basis, exclusively for anti-piracy operations, has been deployed by IN in the Gulf of Aden since Nov 08. In addition, anti-piracy patrols have also been undertaken off the Lakshadweep Islands (Operation 'Island Watch') from Dec 10 to Jun 11. Details of surveillance undertaken during the operation are as follows:-

(a) A total of 79 IN/ICG ships have been deployed amounting to a total of 507 'ship days'.

(b) A total of 64 surveillance sorties have been flown by maritime patrol aircraft.

2. **Capture of Pirates.** A total of 120 pirates have been apprehended and 73 fishermen and crew rescued in four operations by IN against pirate mother ships in East Arabian Sea in 2011.

(Please see para No. 59 of Chapter - I of the Report)

**NEW DELHI;
12 March, 2012
22 Phalguna (Saka)1933**

**SATPAL MAHARAJ,
Chairman,
Standing Committee on Defence**

WORLD WAR II VETERANS FINANCIAL ASSISTANCE

No.	STATE/UT	WW-II Veterans (Rs. Pm)	Widows of WW-II Veterans (Rs. pm)
	ANDHRA PRADESH	3000	3000
	ARUNACHAL PRADESH	0	0
	ASSAM	500*	500*
	BIHAR	1000	1000
	CHHATTISGARH	1500	1500
	DELHI	3000	3000
	GOA	4000	4000
	GUJARAT	3500	3500
	HARYANA	1500	1500
	HIMACHAL PRADESH	200	200
	JAMMU AND KASHMIR	1000	1000
	JHARKHAND	5000	5000
	KARNATAKA	1500	1500
	KERALA	600	NIL
	MADHYA PRADESH	2000	2000
	MAHARASHTRA	1275	3000**
	MANIPUR	0	0
	MEGHALAYA	1500/-	1500/-
	MIZORAM	1000	800
	NAGALAND	500	500
	ORISSA	1000	1000
	PUNJAB	1000	1000
	RAJASTHAN	1200	1200
	SIKKIM #	1500	1000
	TAMIL NADU	1000	800
	TRIPURA	1500	900
	UTTRAKHAND	3000	3000
	UTTAR PRADESH	2500	2500
	WEST BENGAL	500	300
	ANDAMAN & NICOBAR (UT)	300	300
	CHANDIGARH (UT)	1000	1000
	PUDUCHERRY (UT)	4000	3000

Only for 100% disabled from Flag Day Fund.

wef 01 May 2011 vide Govt of Maharashtra GR No Misc-2008/C.R.28/09/28 dt 13 May 2011.

w.e.f. 01 Oct 2010.

APPENDIX - II

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2011-12)

The Committee sat on Monday, the 27th February, 2012 from 1500 hrs. to 1715 hrs. in Committee Room No. '53', Parliament House, New Delhi for consideration and adoption of draft report on action taken by the Government on the recommendations/observations contained in their Twelfth Report (Fifteenth Lok Sabha) on 'Demands for Grants 2011-2012' xx xx xx.

PRESENT

Shri M.V. Mysura Reddy - **in the Chair**

MEMBERS

LOK SABHA

2. Shri Kamal Kishor 'Commando'
3. Shri Sher Singh Ghubaya
4. Shri A.T. Nana Patil
5. Shri C.R. Patil
6. Shri Amarnath Pradhan
7. Shri Adhalrao Patil Shivaji
8. Shri Mahabali Singh
9. Rajkumari Ratna Singh

RAJYA SABHA

10. Shri Avinash Rai Khanna
11. Shri Mukut Mithi
12. Shri Birender Singh
13. Shri Ram Kripal Yadav
14. Shri Naresh Gujral

SECRETARIAT

- | | | |
|------------------------|---|------------------|
| 4. Shri T.K. Mukherjee | - | Joint Secretary |
| 5. Smt. Sudesh Luthra | - | Director |
| 6. Shri Sanjeev Sharma | - | Deputy Secretary |

2. In the absence of Hon'ble Chairman, the Committee chose Shri M.V. Mysura Reddy, M.P. (Rajya Sabha) and the Member of the Committee to act as Chairman of the Committee under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairman welcomed the Members of the Committee and informed them about the agenda for the sitting. The Committee then considered and adopted draft Report on Action Taken by the Government on the recommendations/observations contained in their Twelfth Report (15th Lok Sabha) on Demands for Grants (2011-12) without any modification. The Committee then authorized the Chairman to present the report to the House on a date and time convenient to him.

- 4. xx xx xx xx xx xx xx
- 5. xx xx xx xx xx xx xx
- 6. xx xx xx xx xx xx xx

(Witnesses then withdrew)

A copy of the verbatim proceedings has been kept on record.

The Committee then adjourned

APPENDIX -III

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE TWELFTH REPORT (FIFTEENTH LOK SABHA) ON `DEMANDS FOR GRANTS (2011-2012)'

	Total	Percentage of Total
1. Total number of recommendations	50	
2. Recommendations / Observations which have been accepted by Government Para Nos. 1, 3, 5, 7, 8, 9, 10, 11, 14, 16, 17, 19, 20, 21, 22, 29, 31, 34, 36, 39, 40, 41, 42, 43, 44, 45, 46, 48 & 49	29	58
3. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies Para Nos. NIL	-	-
4. Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee Para Nos. 2, 4, 6, 13,15, 23, 25, 26, 28, 32, 33, 35, 37 & 47	14	28
5. Recommendations/Observations in respect of which final replies of Government are still awaited Para Nos. 12, 18, 24, 27, 30, 38 & 50	07	14