

19

STANDING COMMITTEE
ON DEFENCE
(2012-2013)

FIFTEENTH LOK SABHA

MINISTRY OF DEFENCE

*[Action Taken by the Government on the recommendations/observations contained in the
Fifteenth Report (Fifteenth Lok Sabha) on 'Demands of Grants (2012-2013)']*

NINETEENTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

April, 2013/Vaisakha, 1935 (Saka)

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STANDING COMMITTEE ON DEFENCE
(2012-2013)

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*[Action Taken by the Government on the recommendations/observations
contained in the Fifteenth Report (Fifteenth Lok Sabha) on
'Demands for Grants (2012-2013)']*

*Presented to Lok Sabha on 29.4.2013
Laid in Rajya Sabha on 29.4.2013*



LOK SABHA SECRETARIAT
NEW DELHI

April, 2013/Vaisakha, 1935 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE
(2012-13)

Shri Raj Babbar — *Chairman*

MEMBERS

Lok Sabha

- *2. Shri Satpal Maharaj
3. Shri Sameer Bhujbal
- **4. Shri Adhir Chowdhury
5. Shri Kamal Kishor 'Commando'
6. Shri R. Dhruvanarayana
7. Shri Varun Gandhi
8. Shri P. Karunakaran
9. Shri Mithilesh Kumar
10. Shri Sidhant Mohapatra
- #11. Shri Inder Singh Namdhari
12. Shri Saugata Roy
13. Shri Asaduddin Owaisi
14. Shri A.T. Nana Patil
15. Shri C.R. Patil
16. Smt. M. Vijaya Shanthi
- @17. Shri Madan Lal Sharma
18. Smt. Mala Rajya Laxmi Shah
19. Shri Mahabali Singh
20. Rajkumari Ratna Singh
21. Shri Uday Singh

*ceased to be a member *w.e.f.* 02.11.2012.

**ceased to be a member *w.e.f.* 22.10.2012.

ceased to be a member *w.e.f.* 13.12.2012.

@ ceased to be a member *w.e.f.* 09.01.2013.

- ##22. Shri Virbhadra Singh
23. Shri R. Thamaraiselvan
24. Vacant
25. Vacant
26. Vacant

Rajya Sabha

27. Shri Pankaj Bora
28. Shri Naresh Gujral
29. Shri Prakash Javadekar
30. Shri Hishey Lachungpa
31. Shri Mukut Mithi
32. Shri Mukhtar Abbas Naqvi
33. Dr. E.M. Sudarsana Natchiappan
34. Shri C.M. Ramesh
35. Shri T.K. Rangarajan
36. Shri Devender Goud T.

SECRETARIAT

- | | | |
|------------------------|---|-----------------------------|
| 1. Dr. R.K. Chadha | — | <i>Additional Secretary</i> |
| 2. Shri R.K. Jain | — | <i>Joint Secretary</i> |
| 3. Shri D.S. Malha | — | <i>Director</i> |
| 4. Shri Sanjeev Sharma | — | <i>Additional Director</i> |
| 5. Shri Rahul Singh | — | <i>Committee Officer</i> |
| 6. Smt. Rekha Sinha | — | <i>Executive Assistant</i> |

ceased to be a member *w.e.f.* 01.01.2013.

INTRODUCTION

I, the Chairman of the Standing Committee on Defence (2012-2013), having been authorised by the Committee to submit the report on their behalf, present this Nineteenth Report on Action Taken by the Government on the recommendations/observations contained in the Fifteenth Report (Fifteenth Lok Sabha) on 'Demands for Grants (2012-2013)', relating to the Ministry of Defence.

2. The Fifteenth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 30 April, 2012. The Ministry of Defence furnished their Action Taken Notes on 15 November 2012.

3. The draft action taken report was considered and adopted by the Committee at their sitting held on 17 April 2013.

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 Fifteenth Report (Fifteenth Lok Sabha) of the Committee is given at Annexure.

NEW DELHI;
23 April, 2013

03 Vaisakha, 1935 (Saka)

RAJ BABBAR,
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 Fifteenth Report (Fifteenth Lok Sabha) on Demands for Grants (2012-13), which was presented to Lok Sabha and laid in Rajya Sabha on 30.04.2012.

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

Para No.	Subject
1	2
1	Controversial media report about the movement of troops
2, 3, 4 and 5	General Defence Budget
6 and 7	Committed Liabilities
8	Outcome Budget of the Ministry
9	Finalization of Long Term Plans
10, 11 and 12	Advanced strategy of the Ministry with regard to procurements
13 and 14	Blacklisting of some of the companies
15, 16, 17 and 18	Management of Defence Land
19 and 20	Budgetary Allocation for Army
21, 22 and 23	The critical shortages of armaments with Army
24	Shortage of Officers in Army
25, 26 and 27	Bullet Proof Jackets
28, 29 and 30	National Cadet Corps
31 and 32	Lateral induction of Ex-servicemen in Central Para Military Forces and State Police Forces
33, 34 and 35	On line Canteen and Credit Card Facilities for Ex-Servicemen

1	2
36 and 37	Analysis of the allocations made during the Eleventh Plan as well as during the year 2012-13 for Air Force
38 and 39	Shortage of Aircraft with the Air Force
40, 41, 42, 43 and 44	Accidents in Air Force and the issue of deficiency of trainer aircraft and simulators in Air Force
45	Damage to aircraft due to weather conditions
46	Shortage of Officers in Air Force
47	Electrical Air Field Lightning System in the remaining Air Fields
48	Budgetary allocations for Navy
49	Indigenization of Ships
50	Surface Platforms
51	Married accommodation for Officers and Staff of Navy
52, 53, 54 and 55	Defence Research and Development Organization (DRDO)
56, 57 and 58	Defence Public Sector Undertakings
59	Ordnance Factories.

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, 2, 3, 4, 5, 7, 8, 9, 10, 11, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 30, 31, 38, 39, 40, 41, 42, 43, 44, 45, 46, 49, 51, 52, 53, 54, 56, 58, 59

(42 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 No. 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. 6, 12, 25, 26, 27, 32, 33, 34, 35, 36, 37, 47, 48, 55

(14 Recommendations)

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

Para Nos. 14, 50, 57

(03 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. The Committee desire that the final reply in regard to the paragraphs, namely, for which interim replies have been sent *i.e.* 14, 50 and 57 be intimated to them at the earliest but definitely with the furnishing of action taken statement on this report.

A. General Defence Budget

Recommendation (Para No. 2)

5. The Committee had recommended as under:—

“The Committee note that Budget Estimates (net) for the year 2012-13 are for Rs. 1,93,407.29 crore which comprises of Rs. 1,13,828.66 crore as revenue outlay and Rs. 79,578.63 crore as capital outlay against the RE allocations of Rs. 1,70,937 crore of the previous year. Although there is an increase in the Defence budget in absolute term, the analysis of the data with regard to the growth of Defence budget indicates that the percentage growth during the Eleventh Plan which was highest during the year 2008-09 and 2009-10 *i.e.* 24.59% and 24.13% respectively declined to 8.70% during the year 2010-11. The percentage growth slightly improved during the year 2011-12 to 10.91% and the estimates for the year 2012-13 indicates the growth of 13.15%. If the Defence expenditure as percentage of GDP is taken into consideration, again the growth is declining since the year 2009-10. During the year 2009-10 the growth was 2.20% which declined to 1.92% during the year 2011-12

as per the Revised Estimates and the allocations at Budget Estimates stage of 2011-12 indicates the growth as 1.90%. The Defence expenditure as the percentage of total Central Government expenditure as such has declined from 13.84% to 2009-2010 to 12.97% as per the Budget Estimates of 2012-13. The Defence expenditure as compared to some of the European and neighbouring countries, the data of which was made available to the Committee by the Ministry indicates that the Defence expenditure as percentage of GDP in India is lowest as compared to U.S., China, France, U.K., Russia and Pakistan. Moreover, the military expenditure as percentage of GDP in all these countries excepting Pakistan is increasing over the years.”

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

“The Ministry has been making all efforts to ensure that adequate funds are made available by the Ministry of Finance to meet the requirement of the Defence Services.

Beginning with an allocation of Rs. 96,000.00 crores at the beginning of the 11th Plan, the allocation has increased to Rs. 1,93,407.29 crores in 2012-13.”

7. The Committee note although the Ministry has mentioned that it is making all efforts to ensure that adequate funds are made available by the Ministry of Finance to meet the requirement of the Defence Services but it has not spelt out explicitly as to what efforts it is making or whether any concrete action plan has been put in place for the increase in allocations for the purpose in the future. Therefore, the Committee reiterate their recommendation that keeping in view the increasing trend of military expenditure of neighbouring countries. India should also expand the size of allocations it made to Defence Budget so that Indian forces are fully equipped with modern weaponry.

B. General Defence Budget

Recommendation (Para No. 4)

8. The Committee had recommended as under:—

“The Committee’s examination further indicates that there is huge variation in BE Estimates, BE Allocations, RE Estimates and RE Allocations during each year of the Eleventh Plan. Not only that there are gaps between the projected and the allocated outlay. Each of the services is getting allocations that are lesser to the projections

during each of the year. The Committee observe that there has been slight variations in the Revenue Capital ratio during Eleventh Plan. During the year 2008-09 the Revenue Capital ratio was 55:45 as the Capital ratio was maximum during the year 2008-09 which declined to 39 during the year 2009-10. Again the Capital ratio has slightly improved to 42% during the year 2011-12. During the year 2012-13 the estimated Capital ratio is 41. The Committee find from the aforesaid Revenue Capital ratio analysis that the Government has not been able to match the Capital ratio of 45 of the year 2008-09.

The Committee may like to emphasize that India is surrounded by difficult neighbours and as such there is an urgent need to allocate adequate outlay to the Services, particularly for the Capital schemes. Moreover, as has been observed by the Committee there are huge gaps between the required and the existing force levels, armaments, equipment, aircrafts, etc., the details of which have been given in the Service-wise examination. Besides, the modernization programmes of the Services, Ordnance Factories, DPSUs are going on for which substantial allocations are required. On the Research front there is an urgent need to give more emphasis so as to attain the level of self-sufficiency in defence procurements."

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

"The allocation made for the Defence Services has been less than the projected requirement. Nevertheless, the allocation has increased steadily from Rs. 96000.00 crores in the beginning of the 11th Plan to Rs. 193407.29 crores in the beginning of the 12th Plan. Within the overall increase, the capital allocation has grown from Rs. 41922.00 crores to Rs. 79578.63 crores in 2012-13."

10. The Committee note that the Ministry has not shown any commitment to increase the capital ratio in comparison to revenue ratio for the forces, therefore, the Committee reiterate their earlier recommendation to increase outlay, particularly capital outlay to the forces so that procurement of equipment, aircraft, etc. do not suffer.

C. Committed Liabilities

Recommendation (Para No. 6)

11. The Committee had recommended as under:—

"The projected allocations of the Ministry for the year 2012-13 for the Services indicates that substantial portion of the allocations are

earmarked for the Committed Liabilities leaving marginal scope for New Schemes. The Committee are concerned to note that as per the position of actual allocation of outlay by the Ministry of Defence out of total Capital Modernization Budget 2012-13 of Rs. 66032.24 crore, Rs. 54839.91 crore have been allocated for Committed Liabilities thus leaving only Rs. 5520.82 crore for the New Schemes. The Committee find that the proposed acquisitions of the Services particularly of Air Force are highly Budget intensive. The Committee fail to understand how the Ministry of Defence would meet all capital requirements of the Services particularly in the context of the modernization programmes as well as gaps between the required and the existing capabilities as examined in detail in the later part of the Report. The Committee express grave concern on allocating the meager outlay for new schemes and would like the Ministry to clarify the position in this regard. Besides, since the allocations for the Services are the immediate strategic requirement, the requisite allocations to the Ministry of Defence for the Capital segment should be made available so that the proposed acquisitions of the Services do not suffer. Moreover besides meeting the committed liabilities adequate outlay should be allocated for the New Schemes so as to enable the Services to bridge the gaps between the required and the existing capabilities. The Committee strongly recommend that their concerns in this regard should adequately be conveyed to the Ministry of Finance and Cabinet Secretary."

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

"The concerns of the Committee have been conveyed to the Cabinet Secretary as also the Secretary, Department of Expenditure, Ministry of Finance."

13. After gleaning through the reply of the Ministry, the Committee feel that their recommendation has not adequately been dealt with. The reply furnished by the Ministry is cryptic and does not reveal the details. Moreover it appears to be a casual reply. Had the Ministry been serious on the issue, it could have provided the details of the contents of letters sent to the Cabinet Secretary and the Secretary, Department of Expenditure. The Committee would like to know from the Ministry exactly what were the contents of correspondence undertaken with the Cabinet Secretary and the Secretary, Department of Expenditure, Ministry of Finance along with

the dates of conveyance. They would also like to know the details of the exercise undertaken by the Ministry while finalizing the proposals for the year 2013-14. The Committee would like to have the segregation of the moneys earmarked for the new schemes. It goes without saying that the committed liabilities also include the recurring expenditure.

D. Outcome Budget of the Ministry

Recommendation (Para No. 8)

14. The Committee had recommended as under:—

“The Committee have consistently been recommending the Ministry to prepare Outcome Budget and lay the same in Parliament alongwith the Demands for Grants. Even when the issue is pursued year after year, the Ministry has not been able to prepare the Outcome Budget document. What is more disturbing is the fact that the Ministry is not keeping the assurance given during each year in this regard. The Committee have now been informed that the Outcome Budget documents for the identified organizations for the year 2012-13 were ready in time. However upon examination it was felt that the same need to be refined further.

The Committee have been apprised that all the allocations of the Ministry are under the non-plan segment and as such are not subject to scrutiny by Planning Commission. The Committee may again like to emphasize that Outcome Budget is an important document to ensure Executive accountability to Parliament. Not only that the achievements of the Ministry are scrutinized by virtue of being quantified by this important document.

The Committee observe from the aforesaid scenario that the delay on the part of the Ministry is just to avoid Parliamentary scrutiny as well as the public scrutiny thereto Outcome Budget being a public document. Not only that the schemes are not covered by the rigorous Zero Based Budgeting exercise being done by planning Commission, the reasons being whole Defence allocation as non-plan, not subject to the scrutiny by the Planning Commission. The Committee again reiterate their recommendation and would like the Ministry to prepare Outcome Budget at least from the year 2013-14 onwards. Not only that the Ministry of Defence should explain in details the rationale of allocating all the outlays of the Ministry of Defence under the non-Plan segment. The concrete result oriented measures in this regard should be taken and the Committee apprised accordingly.”

15. The Ministry in its action taken reply has stated as under:—

“The Ministry has been taking steps to implement the concept of Outcome budgeting. As a part of this, Outcome Budget documents for the year 2012-13 were prepared by the Naval Dockyards, DG NCC and DG MAP. The Ministry is also making attempts to identify more organisations that can be brought under the ambit of outcome budgeting. It is proposed to place the Outcome Budget for NCC, MAP before Parliament for financial year 2013-14.

In so far as issue of the allocations for Ministry of Defence being provided under the Non-Plan segment is concerned it may be stated that Plan allocation is essentially expected to realise the development potential of the economy’s productive capacities. Thus it is typically the development/welfare oriented schemes that are classified as plan expenditure and subject to scrutiny by the planning Commission. In so far as Ministry of Defence is concerned, the expenditure relates to an essential service of the Government and is distinct from the development/welfare oriented schemes falling under the Planning Commission. However, the fact that Defence Capital outlay is funded under the Non-Plan segment, should not in any manner be taken to convey a lack of planning in prioritizing and projecting of expenditure. Infact, Capital Acquisition expenditure, which accounts for over 80% of the capital outlay, is as per the Services Capital Acquisition Plan which is a subset of the Five Year Plan which in turn is a part of the 15 year Long Term Integrated Perspective Plan (LTIPP).

The fact that Defence Budget is entirely non-plan budget and is therefore not subject to scrutiny by the Planning Commission, should not be taken to mean that the basic tenets of Zero based budgeting are not being adhered to by the Ministry. Budgetary projections are finalized by the Ministry/SHQs after rigorous scrutiny within the Services Headquarters and at various levels in the Ministry, within the ceilings fixed by the Ministry of Finance.”

16. The Committee take note of the fact that the Ministry is moving in the direction to implement the concept of outcome budgeting. They have been informed that outcome budget documents for the year 2012-13 have been prepared by the naval Dockyard, Directorate General, NCC (DGNCC) and Directorate General, Married Accommodation Project (DGMAP). The Ministry has intimated that they are making efforts to identify more organizations so that they can be brought under the purview of outcome budgeting. The Committee are concerned to

note that out of the total outreach of the organization under the Ministry of Defence, only three organizations have prepared the outcome budget documents. As such they would like to know whether the outcome budgets for NCC, MAP and Naval Dockyard have been placed before the Parliament or not. They would also like that all the organizations within the Ministry should commence preparation of outcome budget document and lay them in the Parliament at the earliest available opportunity.

E. Advanced strategy of the Ministry with regard to procurements

Recommendation (Para No. 12)

17. The Committee had recommended as under:—

“The Committee further observe that the aforesaid suggested mechanism would not only curtail the time required for defence acquisitions but would also help in indigenization process. Once the requirement of the Services is identified, the cases with regard to ‘Make’ category can be culled out and preparations can be started. Not only that the involvement of Defence Public Sector Undertakings, Ordnance Factories and even the Private Sector in this process of acquisitions would lead to the path of self-reliance. Moreover, if the perspective long-term plan for our PSUs and Ordnance Factories is prepared, these companies can be held accountable on delivery of indigenization process. The Committee further observe that preparation of the databank of acquisitions and the long-term plan in this regard can further pace up our R&D requirement. The integrated approach by the PSUs, Ordnance Factories and Private Sector, DRDO and premier Research institutions as well as the technical institutions can help in finding out solutions for difficult technologies and lead us to the path of self-reliance. The Committee strongly recommend that the concrete initiatives on the suggested lines should be taken by the Ministry and the Committee informed accordingly. Moreover, the Committee feel that the existing FDI limit with regard to defence production need to be revisited.”

18. The Ministry in its action taken reply has stated as under:—

“The recommendation made by the Committee to provide a thrust to indigenization process and self-reliance through the suggested mechanism has been noted. In this connection, it is submitted that the Defence Production Policy notified in Jan. 2011, *interalia*, provides that based on the approved LTIPP, equipment/weapon

systems/platforms required for 10 years and further down the line will by and large be developed/integrated/made within the country. The policy also provides that in order to synergise and enhance the national competence in producing state-of-the-art defence equipment/weapon systems/platforms within the pricelines and timeliness that are globally competitive, all viable approaches such as formulation of consortia, joint ventures and public private partnership, etc., within the Government approved framework will be undertaken. The academia, research and development institutions as well as technical and scientific organizations of repute will be involved for achieving this objective."

19. The Committee note that the reply of the Ministry is silent on the operative part of the recommendation of the Committee. The Committee would, therefore, like to know the specific initiatives taken by the Public Sector Undertakings, Ordnance Factory Board, Private Sector, Defence Research and Development Organization/other premier research institutions on the thrust they have given to the Research and Development and by when the country could expect the tangible outcome so that the indigenous technology can be developed to obviate large scale export of defence products. The reply is conspicuously silent on the issue of increasing the FDI limit in the defence production. The Committee recommend that timely action should be taken in this regard and in order to give fillip to the self-reliance, this limit should be enhanced under intimation to the Committee.

F. Blacklisting of some of the companies

Recommendation (Para No. 13)

20. The Committee had recommended as under:—

"The Committee find that CBI had reported against six companies and these companies have been blacklisted for ten years. With the blacklisting of these companies, a difficult situation has arisen due to technology being rare and with few manufacturers internationally. For example, on the issue of procurement of L-70 gun replacement, according to Army the best gun is made by Rhine metals Air Defence (RAD), Zurich and the said company is one of the blacklisted companies. Further, the problems with regard to tanks ammunitions have further compounded due to blacklisting of IMI, Israel. The Committee observe that the blacklisting of the companies ultimately result into blacklisting of the rarest technologies and the solutions in this regard need to be found. One such solution is to give more

focus to defence R&D in an integrated approach involving DRDO, premier Research institutions, Defence PSUs, Ordnance Factories, premier academic technical institutions and private sector enterprises in the R&D process so as to find our own solutions to the rarest available technologies as well as in manufacturing quality defence products at competitive prices. The Committee may like to emphasize that investigations with regard to the blacklisted companies should be expedited so that it reaches to the logical conclusion and the offenders are penalized which would be a deterrent for others. More emphasis on pre CVC vetting of defence procurements can be another mechanism to address the aforesaid issue."

21. The Ministry in its action taken reply has stated as under:—

"While blacklisting of some companies sometimes results in non-availability of rarest technologies but at the same time it provides an opportunity for indigenous development of critical technologies and act as deterrent for others against indulging in unethical practices in business dealings.

Ordnance Factories, DPSUs have been undertaking R&D activities on their own as well as they are working in tandem with DRDO on many projects. The report of the Kelkar Committee on review of Defence Procurement Procedure had recommended an integrated approach involving Users, Ministry of Defence and the Industry in the 'Make' procedure. The recommendations of the Committee have been accepted by the Government for implementation.

The investigations with regard to blacklisted companies are further being carried out by CBI and necessary action shall be taken in accordance with law and as per the decision of the Court of Law.

In so far as defence procurements are concerned, an elaborate mechanism already exists as outlined in Defence Procurement Procedure for maintaining highest degree of probity and public accountability, transparency in operations, free competition and impartiality. The DPP is also amended from time to time keeping in tune with contemporary practices and to facilitate defence procurements in a logical and transparent manner. Thus the need for an additional layer of check through pre CVC vetting of defence procurements is not felt."

22. The Committee have noted that although the Ministry have taken sufficient measures on their part through an elaborate mechanism

for maintaining highest degree of probity and public accountability, transparency in operations, free competition and impartiality yet scams do surface without any break. The Committee are of the view that pre-CVC vetting of defence procurement could avoid murky transactions in defence deals to take place. The Committee are of the view that in the absence of such policy it would lead to blacklisting of companies, which will result in devoidance of critical technology to the country. Therefore, pre-CVC vetting may be considered by the Ministry of Defence.

G. Development of infrastructure on the borders

Recommendation (Para No. 18)

23. The Committee had recommended as under:—

“The Committee understand that the issue of funding for strategic roads and required rail infrastructure on our borders is another area which need to be addressed immediately. The Secretary during the course of deliberations has apprised that Railways is not being provided any additional allocation by the Planning Commission for upgrading rail infrastructure on our borders. There are technical issues involved. The total outlay of Defence being non-plan, outlay for additional rail road infrastructure cannot be provided from the Planning Commission. The Committee deplore the aforesaid position whereby the issue of allocation of outlay for our strategic needs is struck due to the aforesaid bureaucratic hurdles. The Committee strongly emphasize that the issue need to be taken immediately at the highest level. The Cabinet Secretary, prime Minister’s Office (PMO), the Finance Ministry should be conveyed the concerns of the Committee adequately. The Committee also desire that feasibility to fund the border roads through Pradhan Mantri Gram Sadak Yojana (PMGSY) should also be looked into. The adequate outlay for construction of the requisite infrastructure which includes strategic roads, rail, tunnels, etc. should be ensured by coordination between the various Ministries and the intervention at the highest level. Besides, The Committee may also like to emphasize that the rail tracks should be constructed after taking specifications from and in consultation with the Army so that there is no compromise on the issue of speed of the trains. The Committee would like to hear about the concrete initiatives taken in this regard followed by the positive results.”

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

- “(a) At present there is no constraint of funds for construction of Strategic Roads by Border Road Organisation (BRO). Earlier the fund allocation to BRO was inadequate. The scenario has changed and sufficient funds are being allocated now. There is no need for funding border roads through PMGSY.
- (b) Ministry has taken up the funding of Strategic Railway projects with Cabinet Secretariat to intervene in the matter by asking Planning Commission or Ministry of Finance to make available dedicated non-lapsable funds to Railway Board for development of fourteen (14) Strategic Railway lines.

The alignment of Strategic Railway lines by army commands has been done in consonance with respective Regional Railway Boards.”

25. The Committee are happy to note that at present there is no constraint of funds for construction of Strategic Roads by Border Road Organisation and sufficient funds are being allocated for the projects. The Committee expect that these projects initiated by the Ministry in consonance with Railways be completed in stipulated timeframe so that movement of defence personnel and general public to the border areas become easy and hassle free.

H. Budgetary allocation for Army

Recommendation (Para No. 19)

26. The Committee had recommended as under:—

“The Committee note that the Army has been allocated Rs. 77327.03 crore against the projection of Rs. 83861.62 crore during the year 2012-13 under the revenue section. Under the capital section the Army during the said year has been allocated Rs. 19237.80 crore against the projection of Rs. 28234.60 crore. If the analysis of the Army outlay in terms of committed outlay and new schemes is done, the Committee find that the projected requirement for capital modernization budget for the year 2012-13 was Rs. 15407.84 crore. The share of committed liability in the projected capital modernization budget is Rs. 5552.63 crore. For new schemes the projected requirement is Rs. 9855.21 crore. However, based on the actual allocation of funds by the Ministry of Finance, the total allocation for capital modernization budget for Army is 13724.14

crore out of which Rs. 5552.63 crore is for committed liabilities thus leaving only Rs. 2500 crore for new schemes. Moreover, the Committee are unable to comprehend how the proposed initiatives of the Ministry to decentralize financial delegation of power thereby increasing the limit to Rs. 150 and 200 crore would help the respective chiefs in meeting the gaps with the meagre allocation provided for the new schemes. With regard to capital revenue ratio in connection with Army, the data furnished by the Ministry indicates that the said ratio is moving more towards revenue segment. During the year 2008-09 the capital revenue ratio was 27:73 which reached to the level of 23:77 during the year 2011-12 and the projections for 2012-13 are 20:80."

27. The Ministry in its action taken reply has stated as under:—

"The capital allocation to Army has increased steadily from Rs. 11634.18 crore in the beginning of the 11th Plan to Rs. 19237.80 crore in 2012-13. However, owing to a substantial pay and allowance component, the revenue allocation accounts for a high share of the overall budget.

Notwithstanding the same, the requirement of the Army for additional funds under the capital segment shall be reviewed during the course of the year and based on the pace of utilisation of allocated funds and the progress of new schemes, additional funds as required shall be sought from the Ministry of Finance at the appropriate budgetary stage."

28. The Committee note that revenue expenditure has surpassed the capital expenditure in the Army. The Ministry has not given any assurance of any kind on the increase of share in capital allocation, the Committee, reiterate their earlier recommendation to provide more allocation in capital segment so that modernisation of Army may not be hampered.

I. Bullet Proof Jackets

Recommendation (Para Nos. 25 to 27)

29. The Committee had recommended as under:—

"The Committee during the course of examination of Demands for Grants 2009-10 had noted that there was deficiency of 186168 units of Bullet Proof Jackets. Even when the approval of Defence Acquisition Council was obtained on 19.10.2009 for purchase of the

requisite number of BPJs during the Eleventh Plan, the issue of purchase of desired BPJs is still fraught with various complications. The Committee understand during the course of deliberations on Demands for Grants of this year that the Ministry is confronting with some problems on issue of RFP. RFP was issued initially on 3rd March, 2011 however, due to problems envisaged during conduct of ballistic trials RFP was retracted on 9th December, 2011. Now, the suitable amendments are being made in the GSQR and fresh RFP would be issued.”

30. The Ministry in its action taken reply has stated as under:—

“Request for Proposal (RFP) for procurement of 1,86,138 Bullet Proof Jackets (BPJ) was prepared and issued on 03.03.11. Techno commercial offers from six vendors were received on 27.07.2011. However, the RFP had to be retracted on 09 December 2011 due to technical problems envisaged during ballistic trials. Subsequently, the GSQR was amended and approved by GSEPC on 11.04.2012. New RFP would be issued after procedure for trial Methodology is finalized.

31. The Committee had recommended as under:—

“Another issue consistently been raised by the Committee is the weight of the Bullet Proof Jackets. When the issue was raised in the Seventh Report on Demands for Grants 2009-10, the Ministry in the Action Taken Note had stated that the weight of the BPJ is incremental from less than 4 Kgs to a maximum of 11.5 Kgs based on level of threat. To substantiate the point of view of the Ministry, the Committee have been informed in the Action Taken Note that the soldier is not required to wear the BPJ at its maximum weight under low threat levels. Even when the proposals have been approved by DAC, the Ministry is confronting with RFP issues. Initial RFP was retracted way back on 9th December 2011 due to some problem and till date fresh RFP has not been issued. The Committee express unhappiness over the way the procurement of such an important life saving items required for forces is being delayed.”

32. The Committee had recommended as under:—

“The Committee deplore the way the Ministry has dealt with the issue of weight of BPJs whereby it has been stated that the soldier is not required to wear the BPJs at its maximum weight under low

threat levels. The Committee strongly recommend that at least now the initiatives should be taken to fast track the purchase of BPJs. Besides it should be ensured that the BPJs are of low weight and of world class quality.”

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

“RFP for procurement of Bullet Proof Jackets is under preparation and is likely to be issued shortly. GSQRs have been amended to provide the best Bullet Proof Jackets available to soldiers of the Indian Army.”

34. The Committee are astonished to find that despite the existing deficiency of 186138 Bullet Proof Jacket units leading to risking the life of as many soldiers and officers, the Ministry has yet not taken any concrete steps to procure Bullet Proof Jackets (BPJs) and procurement of the same is still at preparation of RFP stage. Therefore, the Committee recommend that new Request for Proposal (RFP) should be immediately issued so that this life saving item should be procured urgently. While issuing the RFP, it should also be ensured that light weight BPJs of world class quality should only be procured.

J. National Cadet Corps

Recommendation (Para No. 30)

35. The Committee had recommended as under:—

“The Committee further find from the information furnished by the Ministry that few NCC cadets are joining the services as officers. During the year 2011 only one NCC cadet joined the Navy as officer. In Air Force none of the NCC cadet joined. In case of Army the data has not been furnished separately for NCC cadets joining as officers.

The Committee further observe that various initiatives to NCC ‘C’ Certificate holders in joining the Services are being taken as per the Government’s policy. To NCC ‘C’ Certificate holders, Government provides reservations in recruitment to the Armed Forces and a certain weightage of marks in para military organizations. 64 vacancies in IMA, Dehradun, 100 vacancies in Officers Training Academy (OTA), Chennai, 12 vacancies in Naval Academy, Ezhimala and 10 vacancies in Air Force Academy, Dundigal are reserved per year for NCC ‘C’ Certificate holders. Further for entry into OTA, Chennai, Naval Academy, Ezhimala and Air Force Academy, Dundigal, NCC ‘C’ Certificate holders are

exempt from the written examination. The Committee understand from the aforesaid position that the NCC Cadets are not joining the services inspite of weightage given to them in recruitment to the Armed Forces as officers, the details of which have been given above. The Committee understand that perhaps very few NCC cadets are getting NCC 'C' Certificate. To understand the situation the Committee would like to be apprised about the data with regard to the NCC cadets getting 'C' Certificate. The Committee would also like the Ministry and Services to analyse the reasons for NCC cadets not being able to join as officers in the services so as to understand the aforesaid scenario."

36. The Ministry in its action taken reply has stated as under:—

"The National Cadet Corps conducts 'A' Certificate Examination for Junior Division/Wing NCC Cadets and 'B' & 'C' Certificate Examination for the Senior Division/Wing NCC Cadets. In the year 2011-12, a total of 81,440 'C' Certificates were issued to cadets who qualified for it.

To NCC 'C' Certificate holders, Government provides reservation in recruitment to the Armed Forces. Out of a total of 1617 seats available in various military training academies, around 180 vacancies per year are reserved for NCC 'C' Certificate holders for NCC Entry Schemes in various Military Academies. Out of this, about 125 – 140 are joining various Military Academies for training to become officers against the vacancies reserved for NCC 'C' certificate holders as per breakup given below:—

Sl. No.	Year	IMA	OTA	Navy	Air Force	Total
(a)	2009	30	81	03	02	116
(b)	2010	29	100	28	02	159
(c)	2011	37	74	04	11	126

However, the NCC Entry Scheme vacancies remain undersubscribed due to the following reasons:—

- (i) Out of the sanctioned NCC cadet strength of 13.4 lakh almost 60% (8.4 lakh) of the NCC cadets are from Junior Division/Wing (not holding 'C' Certificates) and do not necessarily join the Armed Forces except NDA. Of the balance 40% (5 lakh), about 27% (1.35 lakh) are girl cadets and they normally do not opt for Armed Forces except a few. The strength of Senior Division (SD) NCC cadets is 3.65 lakh out

of which the NCC cadets in the second year of NCC who are eligible to appear in NCC 'C' certificate examination is approximately 1.82 lakh. Out of this, about 55% appear for 'C' Certificate examination, it not being a compulsory examination. Therefore, on an average 80% - 85% (80000 – 85000) pass NCC 'C' Certificate examination and are eligible to join Armed Forces under NCC Entry Scheme.

- (ii) Most of NCC cadets, being from Arts stream, are not eligible to join Navy and Air Force where the QRs are science stream.
- (iii) Many NCC Cadets having A, B and C Certificates also apply for joining Armed Forces in the open Category. As far as such candidates are concerned, a total of about 175 join the various academies in the open category. Therefore, a total of 300 cadets annually join the Armed Forces inclusive of C- Certificate holders which is a fairly large number.
- (iv) Candidates are eligible to apply for various entry schemes in training academies in the last year of their college or after completing their graduation. NCC curriculum, however, is only for two years and most of the Senior Division cadets complete it in second year. There is thus one year's gap between completion of NCC training and ex-NCC cadets applying for Armed Forces. Resultantly, these candidates cannot be given pre-SSB training as they cease to be NCC cadets."

37. The Committee contemplated over various reasons submitted by the Ministry of Defence for not filling up the vacancies reserved for NCC cadets. While other reasons seem convincing, but one of the reasons given is that candidates are eligible to apply for various entry schemes in training academies in the last year of their college or after completing their graduation appears to be intriguing. While NCC curriculum is only for two years and most of the Senior Division cadets complete it in second year leaving one year's gap between completion of NCC training and ex-NCC cadets applying for Armed Forces, these candidates cannot be given pre-SSB training as they cease to be NCC cadets. The Committee desire that on the line of reduction of period of training from 3 to 2 years for NCC 'C' certificate holders, pre-SSB training should also be given to ex-NCC cadets who are in their final year of graduation so that NCC cadets get fair chance in direct entry scheme and vacancies existing in this cadre be filled.

K. Lateral induction of Ex-Servicemen in Central Para Military Forces and State Police Forces

Recommendation (Para No. 32)

38. The Committee had recommended as under:—

“The Committee observe that the service personnel retiring at younger age are a great asset to the country. There is an urgent need to use the services of these trained workforce by deploying them in Central Para Military Forces (CPMFs) and other Central Police Organizations (CPOs) in line with the recommendations made by the various Pay Commissions as consistently been recommended by the Standing Committee. Besides, providing re-employment to the service personnel, the Lateral Induction Programme would curtail the training bill of the Central and State Governments for deploying of the new recruits which need extensive training. Moreover, pension bill of the Union Government can also be curtailed. The Committee fail to understand the delay in taking decision with regard to lateral induction of ESM in (CPMFs), (CPOs) and State Police Forces in the line of the aforesaid observations. The Committee strongly recommend that the early decision in this regard should be taken. Besides, the Joint Recruitment Board comprising representatives of CPOs and Defence Forces Headquarters that would jointly select officers/men who would render 7 years services in Defence Forces to be followed by lateral shift to CPOs would also be constituted expeditiously to address the issue of lateral induction.”

39. The Ministry in its action taken reply has stated as under:—

“Lateral induction of serving personnel into Central Armed Police Forces (CAPFs) was a key recommendation of the Kargil Review Committee, GoM on Reviewing National Security System and the 5th and 6th Central Pay Commissions. In the wake of the GOM Report on ‘Reforming the National Security System’ wherein considerable emphasis was laid on keeping a young profile of the Army in peak combat effective state capable of meeting the challenges of future conflict, a Working Group under the Chairmanship of the then Adjutant General, Army Hqrs. with Joint Secretary (Police), Ministry of Home Affairs (MHA), Representatives of Central Armed Police Forces (CAPFs) and National Security Council Secretariat as Members, was constituted to work out the modalities for reducing the colour service and laterally transfer Army personnel to CAPFs.

The Working Group submitted its Report in March, 2002. The Report envisaged lateral transfer of army personnel into CAPFs after 7 years of colour service in the Army. The Report of the Working Group was not signed by the representatives of the MHA as the proposed lateral transfer was not acceptable to them.

A meeting was taken by the Home Secretary on 2nd November, 2006. As per the decision taken in the meeting, a Committee under the Chairmanship of Director General, Border Security Force was constituted to work out the modalities for such transfer.

MHA submitted the report of DG BSF to the Cabinet Secretariat in February, 2011 with a copy endorsed to this Ministry. The recommendations in the Report were in respect of re-employment of ex-servicemen and no recommendation was made for lateral transfer of armed forces personnel in CAPFs.

After submission of Report of DG BSF as stated above, a meeting was held in Cabinet Secretariat on 29.11.2011, which was attended by representatives MHA/CAPFs, DoP&T and Deptt. of Expenditure besides MoD/AHQ. Cabinet Sectt. have desired that MHA and MoD may explore and examine options for achieving lateral transfers from the Army to CAPFs whereby Army personnel are incentivized to join and the interests of resident CAPFs are protected. This is being examined in consultation with MHA and Army HQ."

40. The Committee note that working group under the Chairmanship of the then Adjutant General, Army Hqrs. with Joint Secretary (Police), Ministry of Home Affairs (MHA), Representatives of Central Armed Police Forces (CAPFs) and National Security Council Secretariat as Members, was constituted to work out the modalities for reducing the colour service and laterally transfer Army personnel to CAPFs. However till date no action has been taken by the Government since the Working Group submitted its Report in March, 2002, therefore, the Committee recommend that this issue should be resolved at the earliest to pave the way for lateral transfer of Ex-servicemen in Central Para Military Forces (CPMFs)/CAPFs to keep the profile of Army young.

L. Canteen Stores Department

Recommendation (Para Nos. 33-35)

41. The Committee had recommended as under:—

"The Committee find that the turnover of CSD has grown to over 4500 times in the recent years and it is serving more than 16 million

people with 34 Area Depots and 4500 Unit-Run-Canteens (URCs), the CSD serves the services in all the parts of the country—from Ladakh in the North, Tamil Nadu and Kerala in the South, Nagaland in the East, Rajasthan in the West and even Port Blair. CSD caters not just to the services personnel and their families but also to GREF, NCC Units at Group HQ level, TA units, CDA's staff, Ordnance factories, Embarkation HQs, Civilians paid from Defence estimates and Para-military forces under operational/administrative control of the Army.

42. The Ministry in its action taken reply has stated as under:—

“Observations of the committee have been noted.”

43. The Committee had recommended as under:—

“The Committee appreciates the work done by CSD to the service personnel and to the employees of other related services. The Committee, after taking into the views of the Ex-Servicemen who reside in far flung and difficult areas, desire that mobile canteen facilities which was available to them should be re-instated. The Committee desire that keeping in view the advent of new technology and internet, on-line canteen facilities to Ex-Servicemen should be started at the earliest and modalities in this regard should be finalised before presentation of next year's Demands for Grants.”

“The Committee also recommended that Credit Card facilities on the line of Kisan Credit Card should also be started for Ex-Servicemen, who find difficult to carry cash to canteens.”

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

“Due to automation of Unit Run Canteens (URCs) by introduction of Canteen Inventory Management Software (CIMS) and Smart Card, operation of Mobile canteen facilities has become perilous and also uneconomical, and therefore, this facility has been restricted.

Online Canteen facilities and credit card transactions on the lines of Kisan Credit Card form part of the overall futuristic concepts being considered with respect to Canteen Stores Department. Credit card facilities are available in many URCs in major cities/towns.

Complete information on CSD including items available/being introduced at various depots is available on the CSD website.”

45. The Committee are not satisfied with the reply furnished by the Ministry. The main essence of their recommendation was to provide canteen services to the Ex-Servicemen residing in the far-flung hilly areas of the country. It is the duty of the Minister to consider the ways and means to provide facility to such residents. They accordingly recommend that the Government should come out with modalities to implement the Committee's recommendation and they, therefore, in unequivocal terms re-iterate that mobile canteen facility which were available in the past should be resorted forthwith. The Ministry may consider any other mode to help this group of ex-servicemen.

M. Analysis of the allocations made during the Eleventh Plan as well as during the year 2012-13 for Air force

Recommendation (Para Nos. 36 and 37)

46. The Committee had recommended as under:—

“The Committee find that the allocations made to Air Force during each year of the Eleventh Plan and for the year 2012-13 are lesser than the projections both under the Revenue and the Capital Head. Under the Revenue Head during the year 2012-13 the allocations have been made for Rs. 17705.81 crore against the projections of Rs. 19887.73 crore. Similarly, under the Capital Head Rs. 30514.45 crore have been allocated against the projections of Rs. 36950.52 crore. The analysis of the data furnished by the Ministry further indicates that the allocations to Air Force for Capital Modernization Budget are quite lesser to the projections made. Out of the total projections of Rs. 34165 crore, Rs. 28533 crore have been allocated as per the actual allocation made by the Ministry of Finance. What is more disturbing is the fact that out of Capital Modernization Budget 2012-13 to the tune of Rs. 28533 crore, Rs. 26433 crore have been allocated for the committed liabilities thus leaving only Rs. 2100 crore *i.e.* lesser than 10% of the total capital outlay. The Committee understand that various acquisitions related to capital modernization of Air Force are in pipeline, the details of which have been given in the later part of the Report. Moreover, there are gaps between the required and the existing Air Force fleet. The obsolescence of the Air Force fleet including the trainer aircraft is another area of concern.

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

“Efforts have been made by the Ministry to meet the requirements of the Services within the overall allocation provided by the Ministry

of Finance. Notwithstanding the same, the requirement of the Air Force for additional funds shall be reviewed based on the progress of new and on-going schemes. Additional requirement of funds shall be projected to the Ministry of Finance as and when the need arises."

48. The Committee had recommended as under:—

"The Committee may further like to highlight that Air Force has acknowledged during the course of deliberations that shortfall in revenue allocation would eventually compromise operational preparedness since legacy system require more maintenance. With regard to shortfall under the capital budget, the Committee have been informed that it would slow down modernization, delay in induction of important equipments and resultant asymmetry in capability with respect to threat perception. The Committee strongly emphasise that the country cannot afford further delays in the proposed acquisitions keeping in view the urgency of the matter. The Committee as such strongly recommend that the adequate outlay as per the requirement of Air Force under both Capital and the Revenue Heads should be made available to Air Force. The additional requirements may be made available during the course of Revised Estimates stage as well as through supplementary grants."

49. The Ministry in its action taken reply has stated as under:—

"Efforts have been made by the Ministry to meet the requirements of the Services within the overall allocation provided by the Ministry of Finance. Notwithstanding the same, the requirement of the Air Force for additional funds shall be reviewed based on the progress of new and on-going schemes. Additional requirement of funds shall be projected to the Ministry of Finance as and when the need arises.

As submitted under para 36, efforts to secure adequate funds from the Ministry of Finance to ensure desired level of preparedness by the Air Force, shall be made by the Ministry, if warranted by the pace of utilisation of funds and progress of new schemes during the year."

50. In opinion of the Committee, the reply of the Ministry that additional requirement of funds shall be projected to the Ministry of Finance as and when the need arises appears to be casual and routine in nature. Keeping in mind the fact that only Rs. 2100 crore have been

left for new schemes during the financial year 2012-13 and also that shortfall under the Capital Budget would slow down modernization, lead to delay in induction of important equipments and resultant asymmetry in capability with respect to threat perception. The Committee in their 15th Report had strongly recommended for provision of adequate outlay under both Capital and Revenue Heads to Air Force. However instead of giving the details of latest expenditure and requirement status of the IAF as well as the amount that the Ministry plans to provide to Air Force during RE stage or through supplementary Grants, the Ministry has simply assured of projecting additional fund requirements to the Ministry of Finance as and when the need arises.

The Committee, in this case, reiterate their earlier recommendation to provide adequate funds to Air Force during the course of RE stage as well as through supplementary grants and the same may be intimated to the Committee at the time of furnishing Action Taken Statements.

N. Shortage of aircraft with the Air force

Recommendation (Para Nos. 38 and 39)

51. The Committee had recommended as under:—

“The Committee note that the IAF presently has 34 fighter squadrons against Govt. sanctioned strength of 42 squadrons. The number of fighter squadrons is likely to reduce further to 31 during the 12th Plan period. The representative of the Ministry during the course of oral evidence further apprised the Committee that by the end of 14th Plan Air Force aim to reach 40 to 42 Squadrons. The Committee have been informed that life span of aircraft is defined in terms of Total Technical Life (TTL) and the normal technical life of MiG Aircraft ranges from 15 to 40 years from different variants. The details furnished with regard to fighter aircraft indicates that most of the aircraft are more than 30 years old. The analysis of the information furnished by the Ministry further reveal that MIG-23MF, MIG-23 BN and MIG-25 have stopped flying. T-69/69B (Trainer), T-75 (BIS) and (BISON), T-77 (BADAL) T-96 (TRISHUL) are already 40 or more than 40 years old MIG-27, MIG 29 have more than 25 years of life. Similarly, Mi-25/35, Mi-8 and Mi-17 helicopters are more than 29 years old. The analysis of the data furnished by the Ministry indicates that the number of fighter aircraft due for retirement after completion of their technical life far exceeds the rate at which their replacements can be inducted

in the IAF. The different variants of MiG-21s and MiG-27s are being phased out during the 12th and 13th Plan period and these are planned to be replaced with Su-30 MKI, Medium Multi Role Combat Aircraft (MMRCA), Light Combat Aircraft (LCA) and Fifth Generation Fighter Aircraft (FGFA). It is very much apparent that the induction process has not been commensurate with the de-induction process.”

52. The Ministry in its action taken reply has stated as under:—

“The IAF is presently at a critical stage of its capability building with a large number of projects at various stages of implementation. The capability building of IAF includes induction of state of the art modern equipment and also up gradation of the existing aircraft and systems to boost their operational capabilities and ensure operational relevance.

A number of procurements are in the pipeline that would enable increasing the strength of combat squadrons to the desired level to meet the security challenges. The planned induction of fighter aircraft include Medium Multi Role Combat Aircraft (MMRCA), Light Combat Aircraft (LCA), Fifth Generation Fighter Aircraft (FGFA) and Additional Su-30 MKI. The Medium Multi Role Combat Aircraft (MMRCA) proposal is at the stage of Contract Negotiation and induction of the aircraft is planned between 03 to 11 years after signing of the contract. The Government has entered into an agreement with the Russian government to jointly develop a Fifth Generation Fighter Aircraft (FGFA). The FGFA induction in the IAF is expected from the 13th Plan onwards. With these inductions, the IAF is likely to reach the strength of 45 squadrons by the end of the 15th Plan.”

53. The Committee had recommended as under:—

“The Committee are concerned to note the huge gap between the required and existing strength of Squadrons with the Air Force. The gap in this regard would be to the extent of 11 Squadrons during the Twelfth Plan. What is more worrying is the fact that our fighter aircraft fleet is quite old and is on the verge of phasing out. Even if the proposed acquisitions are in order and by the stipulated timeframe, the country would reach to the requisite level of fleet *i.e.* 42 Squadrons by the end of the Fourteenth Plan. The Committee understand from the aforesaid position that the Air Force capabilities have reached to the level of criticality. There is

an urgent need to ensure that at least now our acquisitions are to be put on the fast track mode. The required Government support by way of providing requisite allocations and ensuring timely finalization of the proposals should be provided to the Air Force so as to address the critical issue of gaps in the Air Force fighter aircraft fleet.”

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

“The IAF has been allotted 28533 crore under the Capital Acquisitions for the financial year 2012-13. Adequate funds will be provided to meet the modernization and fleet replenishment requirements of the IAF.”

55. The Committee during the examination of DFG 2012-13 were perturbed to note that out of Rs. 28533 crore allocated to Air Force for modernization, Rs. 26,433 crore have been allocated for Committed liabilities thus leaving only Rs. 2100 crore for new schemes *i.e.* less than 10 per cent of the outlay. The Committee observe that meager allocations on one hand and depleting strength of squadron on the other hand highlight inadequate planning and criticality as was pointed out in the 15th Report of the Committee. As such the Committee desire that the Ministry should provide details of budgetary allocations provided to Air Force under ‘Modernization Head’ and also specifically against ‘New Schemes’ through supplementary grants or additional grants at the time of furnishing Action Taken Statements.

O. Accidents in air force and the issue of deficiency of trainer aircraft and simulators in Air force

Recommendation (Para Nos. 40 to 44)

56. The Committee had recommended as under:—

“The Committee during the course of examination of Demands for Grants of the previous year had observed that out of 946 MiG aircraft, 476 MiG aircraft *i.e.* more than 50 per cent had met with accidents.

The existing strength of trainer aircraft and simulators as furnished by the Ministry indicates that out of 434 trainer aircraft inducted which include HPT 32, Kiran and Hawks, 255 are presently available. The data furnished further indicates that except the Hawks, the

remaining training aircrafts are very old. HPT 32 has life of 28 years and Kiran has already completed 39 years of life.”

57. The Ministry in its action taken reply has stated as under:—

“A contract has been signed on 24 May, 2012 to procure 75 Basic Trainer Aircraft from M/s. Pilatus. The aircraft are expected to be delivered from January, 2013 to November, 2015. Further additional 40 Hawks contract for IAF, are expected to be delivered from 2013 to 2016.”

58. The Committee had recommended as under:—

“The aforesaid scenario reveals critical deficiency of the trainer aircraft. With regard to simulators, out of 46 simulators, 16 are not operational due to grounding/undergoing phasing out process which leaves the availability to just 30 simulators. The aforesaid critical deficiency of trainer aircraft and simulators is resulting into inadequate training to fighter pilots leading to loss of life of the trained pilots which is a great loss to the families and the country as a whole. What has added to the criticality on the issue of trainer aircraft is grounding of HPT32 after the fatal accident since 31st July, 2009 resulting into the situation whereby Indian Air Force does not have a basic trainer aircraft. So far as the issue of procurement of the basic trainer aircraft is concerned, the Committee understand that the procurement process started in the year 2009 but due to various technicalities and some anonymous and some actual representations from one of the losing vendors resulted into delay in acquisition of the trainer aircraft.”

59. The Ministry in its action taken reply has stated as under:—

“Simulators

The procurement of simulators is now part of the contract for procurement of all trainer aircraft *viz.*, the Advanced Jet Trainer, the Intermediate Jet Trainer and the Basic Trainer Aircraft. These Simulators are scheduled to be commissioned by the financial year 2016-17.

Basic Trainer Aircraft

The contract for the procurement of 75 Basic Trainer Aircraft (BTA) from M/s. Pilatus, Switzerland was signed on 24 May 2012. As per

the contract, the delivery of the first aircraft was scheduled in August 2013 and the deliveries were to be completed by August 2016. However, delivery of the first aircraft is now expected by January 2013 and the last aircraft by November 2015.

An additional 106 Basic Trainer Aircraft are proposed to be designed and developed by M/s. Hindustan Aeronautics Limited."

60. The Committee had recommended as under:—

"With regard to the existing position, the Committee have been apprised that contract acquisition with regard to Pilatus PC-7 Mark-II with the manufacturer has been done. When asked about the expected delivery, the Committee have been informed that this is one of the widely used aircraft elsewhere in the world and the manufacturer would start delivery Pilatus PC-7 Mark-II in 18 months onwards."

61. The Ministry in its action taken reply has stated as under:—

"The contract for the procurement of 75 Basic Trainer Aircraft (BTA) from M/s. Pilatus, Switzerland was signed on 24 May 2012. As per the latest status, delivery of these aircraft are expected to commence from January 2013."

62. The Committee had recommended as under:—

"The Committee have further been apprised that in the absence of the basic trainer aircraft, Kiran aircraft are being presently used for training of pilots at stage I, fighter pilots at stage-II are under trainee flying instructors. Further, it has emerged during the course of deliberations that the training requirement on basic training the course of deliberations that the training requirement on basic trainer aircraft are being compensated by increasing the training hours at stage-II and simulators. The Committee further note that with the phasing out of HPT 32 now the remaining trainer aircraft are Kiran and Hawks. Out of 234 Kiran aircraft inducted so far only 81 aircraft are presently available. Not only that the Kiran aircraft was inducted in 1973 and as such may be having life of 39 years. Contract for additional 40 Hawks aircraft have been signed on 23 July, 2010 and the aircraft would be inducted between July, 2013 to March, 2016."

63. The Ministry in its action taken reply has stated as under:—

"A total of 66 Hawk Advanced Jet Trainer have already been delivered to the IAF. Further, a contract for additional 40 Hawk

aircraft was signed with M/s. Hindustan Aeronautics Limited in 2010 and delivery of these additional aircraft is scheduled to be completed by 2016.”

64. The Committee had recommended as under:—

“The Committee conclude from the aforesaid scenario that the Air Force has reached to a critical stage with regard to trainer aircraft and simulators. The grounding of HPT 32 and the ageing of Kiran aircraft has further worsened the situation thereby compromising the training requirement of our pilots. The Committee are of the firm view that there is an urgent need to address the aforesaid issue immediately. The option of having aircraft on lease from the countries where we have signed the contract as well as sending our pilots to the manufacturer country from which we are buying trainer aircraft emerged as option during the course of deliberations by the Committee. The Committee emphasize that all these options need to be explored by the Air Force as well as the Ministry of Defence. Moreover, all the support by way of outlay should be provided by the Government. Not only that it should be ensured that the procurement procedures are put on fast track by addressing the various hurdles encountered at various stages so as to ensure that the Air Force at any cost get the Pilatus PC-7 Mark-II aircraft by the December next year as stated by the representative of Air Force during the course of deliberations so as to address the urgent and immediate need of Basic Trainer for Air Force.”

65. The Ministry in its action taken reply has stated as under:—

“The contract for procurement of 75 Basic Trainer Aircraft (BTA) from M/s. Pilatus of Switzerland was signed on 24 May 2012. Training of IAF Flying Instructors is now scheduled to commence from 15 November 2012 and the delivery of the first aircraft is expected in January 2013. In view of the contract that has since been finalized, the lease option is no longer required.”

66. The Committee find that the induction of 75 Basic Trainer Aircraft (BTA) from M/s. Pilatus is to begin from Jan, 2013. In this case the Committee desire that in the Action Taken Statements, the Ministry should inform the Committee about the number of Trainers inducted till then. The Committee would also like to know the status of training of IAF flying instructors which as per the information given by the Ministry, was scheduled to commence from 15 November 2012. Also, the Committee hope that the Ministry would ensure timely delivery of 40 Hawk aircraft, signed with M/s. Hindustan Aeronautics Limited

in 2010, whose delivery is scheduled to start from July 2013 and the Committee be informed accordingly.

P. Electrical air field lightening system in the remaining Air fields

67. The Committee had recommended as under:—

“The Committee have been apprised that out of 52 air operational fields, 10 air fields do not have static electrical Air Field Lightening System (AFLS). During the course of deliberations of Demands for Grants of the previous year, the Committee had been apprised that out of 52 operational bases, 8 air field bases do not have electrical field lightening and regular night operations are not undertaken from these places. The Committee fail to understand how the number of air fields not having electrical Air Field Lightening system can increase from 8 to 10. The Ministry should furnish the clarification in this regard. Besides, urgent initiative should be taken to ensure the electrical Air Field Lightening System in the remaining air fields so that regular night operations can be undertaken from all the existing air fields.”

68. The Ministry in its action taken reply has stated as under:—

“In addition to the eight airfields without airfield lighting system (since the last reply given), Air Force Station Phalodi got operationalised during 2010 which does not have airfield lighting system. Further, during the Tsunami in 2004, Airfield lighting system got washed away at Car Nicobar. Case is now being processed for re-installation of electrical airfield lighting system at Carnicobar through an alternate vendor. Installation of Airfield lighting system (AFLS) at all airfields is being undertaken under the Modernization of Airfield Infrastructure (MAFI) Project.”

69. The Committee have been given to understand that the Airfield at Car Nicobar has been washed away due to Tsunami in the year 2004. Here, the Committee fail to understand that how come the electric system of Airfield at Car Nicobar was functional at the time of examination of DFG (2011-12) when the reason for its inoperability during examination of DFG 2012-13 has been apparently given as washing away of electric system due to Tsunami of 2004. The Committee would like the Ministry to throw light on this in the Action Taken Statements. Moreover, the Committee also find it regretful that even after a lapse of a period of almost eight years, the electric system of

Airfield at Car Nicobar could not be restored and would like to be informed about the specific reasons as to why the said electric system could not be made functional in eight years. The Committee as such strongly recommend that the electric system at Car Nicobar air field should be put back without any further delay of time and also that the operationalisation of electric system of other Airfields may also be carried out on priority basis so that optimum use of Airfields could be made in future.

Q. Budgetary allocations for Navy

Recommendation (Para No. 48)

70. The Committee had recommended as under:—

“The Committee observe from the data furnished by the Ministry that Navy including Joint Staff is being allocated outlay both under Revenue and Capital segments lesser than projections during each of the year of Eleventh Plan. During the year 2012-13, Rs. 12548.02 crore under Revenue segment have been allocated against the projections of Rs. 15836.71 crore. Under the Capital segment too, Navy including Joint Staff has been allocated lesser than the projections. During the year 2012-13, Rs. 24766.42 crore have been allocated under the Capital head against the projections of Rs. 28643.19 crore. As in the case of Army and Air Force, substantial part of the allocations has been allocated to committed liabilities thereby leaving marginal allocation for the new schemes. As per the actual allocation of funds by the Ministry of Finance for Capital Modernization Budget 2012-13, Navy has been allocated just Rs. 720.82 crore out of the total allocation of Rs. 23252.71 crore. The information furnished by the Ministry reveal that likely major inductions of Navy during the year 2012-13 are Aircraft Carrier, Frigates, offshore patrol vessel and survey catamarans. The Committee fail to understand how Navy would meet the outlay required for the new acquisitions with less than 5 per cent of the total allocations. The Committee as such strongly recommend that the adequate outlay of Navy should be made available so that the new acquisitions as well as the proposed acquisitions do not suffer for want of resources.”

71. The Ministry in its action taken reply has stated as under:—

“Within the overall allocation provided by the Ministry of Finance, priority has been given to providing adequate funds to meet the committed liabilities. However, based on the utilisation of

funds and the progress of schemes, both new and on-going, additional funds shall be sought from the Ministry of Finance as required.”

72. The Committee in their 15th Report had pointed out that meeting the requirements of new acquisitions with less than 5 per cent of the total allocations is difficult for the Committee to understand especially when major inductions for Navy are lined up for the year 2012-13 which include Aircraft Carrier, Frigates, offshore patrol vessel and survey catamarans. In this regard, the Committee had strongly recommended that adequate outlay to Navy should be made so that the new acquisitions as well as the proposed acquisitions do not suffer for want of resources. However, the reply of the Ministry that priority has been given to providing adequate funds to meet the committed liabilities lucidly exposes the outlook of the Ministry that it is presently interested in maintenance of the current work force and not in technological augmentation and updation of the service. In this regard, the Committee strongly desire that the Ministry should lay equal emphasis on technological advancements, newer acquisitions and overall development of Navy so that the service gears up for any challenge in the future. Accordingly passable financial allocations should be provided by the Government to Navy and the Committee would like to know the amount earmarked for Navy during Revised Estimates stage and by way of supplementary and additional grants.

R. Surface Platforms

Recommendation (Para No. 50)

73. The Committee had recommended as under:—

“The Committee understand that the long awaited Aircraft Carrier, Gorshkov is scheduled to be induced in Indian Navy by December, 2012. The revised cost of Vikramaditya, after re-negotiations, is 2330 MUSD which includes costs towards Refit and Modernisation of the Ship, Logistic Support for ten years, Training of Ship’s crew and yard personnel, infrastructure, Service to Indian Specialists, trials and Documentation. The Committee hope that the Navy would at last get the Gorshkov Aircraft Carrier during the targeted year *i.e.* 2012-13 after extended deadlines resulting into huge cost overruns. The commissioning of Gorshkov would address one of the major area to some extent *i.e.* Aircraft Carrier for the country.”

74. The Ministry in its action taken reply has stated as under:—

“INS Vikramaditya is scheduled to be delivered to Indian Navy in December, 2012, subject to pending trials being completed.”

75. The Ministry has replied that INS Vikramaditya has been scheduled to be delivered to Indian Navy in December, 2012, subject to pending trials being completed. The Committee would like to know whether INS Vikramaditya has been delivered on time and if not then what are the reasons for delay and also the subsequent schedule of delivery.

S. Defence Research and Development Organization (DRDO)

Recommendation (Para No. 53)

76. The Committee had recommended as under:—

“The Committee has consistently been expressing concern over the attrition of scientists from DRDO. The number of scientists who left DRDO had shown a declining trend since 2009 which was attributed due to enhancement in salary with Sixth Pay Commission revision. This trend has reversed during 2011 when 86 scientists have left DRDO against the number of 63 and 65 during the year 2009 and 2010 respectively. The existing authorization as per Government orders in 2001 has stated as 33442. Projected requirement up to 12th plan has been given as 4966. Again the No. of immediate critical requirement has been given as 1316 which was to be filled during 11th plan but now would be carried out to 12th plan.”

77. The Ministry in its action taken reply has stated as under:—

“The effect of increase in salary of DRDO scientists due to implementation of recommendation of 6th Central Pay Commission has been gradually declining from 2009. As a result, attrition rate is increasing. DRDO has been making all efforts to arrest any attrition of scientists by granting various incentive packages besides creating excellent work culture at laboratories and amenities in residential complexes, deputing scientists for higher academic and professional qualifications, allowing participation in national and international conferences, symposia, seminars, etc., awarding talented and deserving scientists on National Science Day, National Technology Day, etc.

The DRDO's manpower authorization (as per Government order in 2001) was 33442. This includes scientific, technical and allied cadres. This manpower was sufficient for carrying out R&D activities. Over the past few years, due to changed threat perception, DRDO has been assigned some major R&D work to meet the present and future security challenges. DRDO's additional projected manpower requirements up to 12th Plan was 4966 (including 2776 Scientists and 169 Works Officers). However, based on the advise of Ministry of Finance, additional manpower requirement being projected now is confined to the "immediate and unavoidable critical requirements" only to cater for the ongoing projects being carried forward to 12th Plan. Thus, DRDO has projected an additional requirement of 1316 posts (including 1260 Scientists and 56 Works Officers) as immediate and unavoidable critical requirements to the Government".

78. The Committee are given to understand that DRDO has projected requirement of 1316 posts (including 1260 Scientists and 56 Works Officers) as immediate and hence they want that every effort should be made to unavoidable critical requirements to the Government should be filled at the earliest so that this premier research organisation do not face manpower crunch so as to continue working in developing indigenously technology to make the country self-reliant.

T. Defence Research and Development Organization (DRDO)

Recommendation (Para No. 55)

79. The Committee had recommended as under:—

"With regard to Kaveri engine the Committee has been informed that two important milestones of Kaveri project have been successfully achieved:— Completion of Official Altitude Testing (OAT) for 73 hours at Central Institute of Aviation Motors (CIAM), Russia. Flying Test Bed (FTB) trials for 55 hours with IL-76 aircraft conducted at Gromov Flight Research Institute (GFRI), Russia that it is planned to commercial flight trials for technology demonstration of Kaveri Engine with LCA Tejas Mk-I in 3 year time.

The Committee find that after almost 30 years of work of DRDO, the Tejas could be made operational. And now the Kaveri Engine is facing lot of difficulties. The Committee hopes that DRDO would take urgent initiatives to address the various difficulties being encountered and the Kaveri Engine would be put into operation. The Committee may also like to recommend that more initiatives

with regard to R&D in strategic areas by DRDO need to be taken to make the country self-reliant under the core technologies required for our Defence projects.”

80. The Ministry in its action taken reply has stated as under:—

“Kaveri engine project was sanctioned in 1989 with an estimated cost of Rs. 383 crore and Probable Date of Completion (PDC) was 1996. Due to enhanced scope and demand of the situation, the cost was enhanced to Rs. 2839 crore. The expenditure incurred so far in Kaveri engine project is approx. Rs. 1950 crore against financial ceiling of Rs. 2105 crore. A proposal has been approved by Hon'ble Raksha Mantri for continuation of Kaveri engine project with extension of PDC by 48 months from the date of approval given by the Cabinet Committee on Security (CCS) with an additional cost of Rs. 595 crore. Thus the estimated cost would be Rs. 2700 crore (2105 crore present ceiling + 595 crore proposed enhanced cost). The proposal has been put up for approval of CCS.

DRDO has already taken initiative to address and resolve various technical and technological difficulties. LCA, Tejas, requires 90kN thrust class engine to meet its operational requirement, whereas, Kaveri engine does not fully meet this requirement. Therefore, it has been decided to use variants of Kaveri engine to power unmanned Air Vehicle and also for marine applications.

Since the thrust requirement of LCA has been enhanced to 90kN, Kaveri engine will be utilized only for “Technology Demonstration” in LCA, Tejas Mk-I with spin off benefits.”

81. The Committee are surprised to find that the Kaveri Engine project which was sanctioned way back in 1989 has not seen the light of the day. There has been a tremendous cost overrun from Rs. 383 crore to Rs. 2105 crore cost of which Rs. 1950 crore have already been incurred. The Committee are given to understand that the continuation of project has received the approval from Hon'ble Raksha Mantri with an additional cost of Rs. 595 crore. The Committee are of the view that the sheer lack of coordination among the users and the developers is quite evident in this project. That is why the project is allowed to be lingered on for such a long period and without getting an expected outcome. Meanwhile, there is a question mark as to its efficacy. It has been stated by the Ministry that Kaveri Engine does not meet the operational requirement and that is why it has augmented the thrust requirement of LCA, Tejas and Kaveri engine will be utilized only for

technology demonstrations in Tejas , Mk-I with spin off benefits. In the light of the above the Committee, after considering that an huge amount has been incurred on the project, want this Ministry to make all out efforts to clear every hurdle in the way of Kaveri Engines so that it is optimally utilized for technology demonstration in LCA within stipulated time. They may like to be apprised of the developments in this regard from time to time.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS, WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1)

Before the examination of Demands for Grants 2012-13 was taken into consideration by the Committee at the sitting held on 4th April, 2012 some Members of the Committee raised the issue of controversial reporting of Army exercise held in foggy weather during January, 2012 by a leading Newspaper. The Defence Secretary at the sitting assured to place the detailed factual position at the next sitting of the Committee to be convened on 9th April, 2012. The Secretary accordingly at the sitting held on 9th April, 2012 submitted the factual position before the Committee, the details of which have been given in Part 1 of the Report. As per the details furnished by the Secretary, the movement of troops was purely for training purposes aimed at refining the mobilization drills and ensuring operational preparedness of the Army despite adverse weather conditions. On the issue of seeking Ministry of Defence's permission or intimating to Ministry of Defence about such movement, he also substantiated that to the best of his knowledge there is no such Government order. As stated by the Secretary media report was based on wrong inferences, surmises and conjectures and is strongly dismissed.

The Committee while taking note of the satisfactory explanation given by the Defence Secretary regret the reporting by a leading newspaper, particularly when it relates to the routine exercises of the troops for ensuring the operational preparedness.

Reply of the Government

It is evident from the report of the Committee, that no recommendations/observations have been suggested by them for Ministry of Defence. Hence the reply may please be treated as 'NIL'.

Recommendation (Para No. 2)

The Committee note that Budget Estimates (net) for the year 2012-13 are for Rs. 1,93,407.29 crore which comprises of Rs. 1,13,828.66 crore

as revenue outlay and Rs. 79,578.63 crore as capital outlay against the RE allocations of Rs. 1,70,937 crore of the previous year. Although there is an increase in the Defence budget in absolute term, the analysis of the data with regard to the growth of Defence budget indicates that the percentage growth during the Eleventh Plan which was highest during the year 2008-09 and 2009-10 *i.e.* 24.59% and 24.13% respectively declined to 8.70% during the year 2010-11. The percentage growth slightly improved during the year 2011-12 to 10.91% and the estimates for the year 2012-13 indicates the growth of 13.15%. If the Defence expenditure as percentage of GDP is taken into consideration, again the growth is declining since the year 2009-10. During the year 2009-10 the growth was 2.20% which declined to 1.92% during the year 2011-12 as per the Revised Estimates and the allocations at Budget Estimates stage of 2011-12 indicates the growth as 1.90%. The Defence expenditure as the percentage of total Central Government expenditure as such has declined from 13.84% in 2009-2010 to 12.97% as per the Budget Estimates of 2012-13. The Defence expenditure as compared to some of the European and neighbouring countries, the data of which was made available to the Committee by the Ministry indicates that the Defence expenditure as percentage of GDP in India is lowest as compared to U.S., China, France, U.K., Russia and Pakistan. Moreover, the military expenditure as percentage of GDP in all these countries excepting Pakistan is increasing over the years.

Reply of the Government

The Ministry has been making all efforts to ensure that adequate funds are made available by the Ministry of Finance to meet the requirement of the Defence Services.

Beginning with an allocation of Rs. 96,000.00 crores at the beginning of the 11th Plan, the allocation has increased to Rs. 1,93,407.29 crores in 2012-13.

(Please *see* para No. 7 of Chapter-I of the Report)

Recommendation (Para No. 3)

The Committee have consistently been recommending in the reports on Demands for Grants for increasing capacity of the Ministry for the utilisation of outlay so as to justify the demand of higher allocation, particularly under the Capital section. The Committee appreciate that during the year 2010-11 the allocations earmarked have been utilized

fully. So far as the expenditure position of the Ministry during the year 2011-12 is concerned, the Ministry has furnished the details up to February, 2012 whereby the expenditure for the three Services ranges between 80 to 90% up to February 2012. The Committee hope that the outlay earmarked for 2011-12 would have been fully utilized.

Reply of the Government

As per the March (Final) compilation received from CGDA, the allocated funds have been utilised and as against a Revised Estimates (RE) and Final Grant of Rs. 1,70,936.81 crores, the total expenditure was Rs. 1,70,913.28 crores, which constituted 99.99% of RE and Final Grant.

Recommendation (Para No. 4)

The Committee's examination further indicates that there is huge variation in BE Estimates, BE Allocations, RE Estimates and RE Allocations during each year of the Eleventh Plan. Not only that there are gaps between the projected and the allocated outlay. Each of the services is getting allocations that are lesser to the projections during each of the year. The Committee observe that there has been slight variations in the Revenue Capital ratio during Eleventh Plan. During the year 2008-09 the Revenue Capital ratio was 55:45. 45 as the Capital ratio was maximum during the year 2008-09 which declined to 39 during the year 2009-10. Again the Capital ratio has slightly improved to 42% during the year 2011-12. During the year 2012-13 the estimated Capital ratio is 41%. The Committee find from the aforesaid Revenue Capital ratio analysis that the Government has not been able to match the Capital ratio of 45% of the year 2008-09.

The Committee may like to emphasize that India is surrounded by difficult neighbours and as such there is an urgent need to allocate adequate outlay to the Services, particularly for the Capital schemes. Moreover, as has been observed by the Committee there are huge gaps between the required and the existing force levels, armaments, equipment, aircrafts, etc., the details of which have been given in the Service-wise examination. Besides, the modernization programmes of the Services, Ordnance Factories, DPSUs are going on for which substantial allocations are required. On the Research front there is an urgent need to give more emphasis so as to attain the level of self-sufficiency in defence procurements.

Reply of the Government

The allocation made for the Defence Services has been less than the projected requirement. Nevertheless, the allocation has increased steadily from Rs. 96000.00 crores in the beginning of the 11th Plan to Rs. 193407.29 crores in the beginning of the 12th Plan. Within the overall increase, the capital allocation has grown from Rs. 41922.00 crores to Rs. 79578.63 crores in 2012-13.

(Please *see* para No. 10 of Chapter-I of the Report)

Recommendation (Para No. 5)

The Committee feel that there is an urgent need to build the Defence capabilities to face any of the challenges including the worst scenario of two front war. As such the Committee strongly recommend that the requisite allocations should be made available to the Ministry of Defence for their different programmes. Besides, the Ministry of Defence on their part should also build capacities to utilize the allocated resources.

Reply of the Government

As submitted in response to recommendation No. 4, the allocation for Ministry of Defence has increased significantly from Rs. 96000.00 crore in 2007-08 to Rs. 193407.29 crore in 2012-13. Nevertheless, the Ministry shall continue to strive to seek allocations from the Ministry of Finance, commensurate with the projected requirement of the Services.

Recommendation (Para No. 7)

The Committee during the course of deliberations on Demands for Grants have been apprised that the year 2012-13 is being celebrated as the Veteran Year. The Committee appreciate the aforesaid initiative of the Ministry which is really a tribute to the Services rendered by the Defence personnel and to their sacrifices made for the sake of the country. In this connection, the Committee may like to highlight that the Committee in the earlier reports have consistently been raising issues related to the welfare of ex-servicemen and their families. Such issues include providing extended pensionary benefits to the ex-servicemen leading to One Rank one Pension, enhancing the financial assistance and providing facilities like ECHS, Canteen Stores Department (CSD) canteen to World War I and II veterans who retired pre-independence Period, maintaining the date with regard to the benefits provided to war widows, reviewing the

financial and other benefits provided to them, providing facilities/concessions in rail and air travel to Sena Medal awardees *i.e.* Sena/Nao/Vayu, at par with the winners of police medals. The Committee strongly recommended that the aforesaid recommendations should be implemented during the current year, particularly when the year has been dedicated to the veterans. The implementation of the recommendations of the Committee would go a long way in recognizing the services rendered/sacrifices made by the Defence veterans. The Committee also desire that to commemorate veteran year, the Ministry should take initiatives to release a stamp and a First Day Cover.

Reply of the Government

Following measures have been taken to improve the welfare of Ex-servicemen/War Veterans:—

- (a) The Government has set up a Committee under the chairmanship of Cabinet Secretary to examine various aspects relating to pay as well as pension related grievances of Armed forces and Ex-Servicemen (ESM) in a time bound manner.
- (b) World War veterans have been made entitled to the facility of CSD Canteen.
- (c) As regard the financial assistance to World War veterans, the State Governments were requested to enhance the amount of assistance to the minimum level of Rs. 3000 per month. Some State Governments have responded positively. The matter is being pursued with State Governments who are paying less.
- (d) The Government has recently revised the rates of financial assistance for various schemes under RMDF (*e.g.* Penury Grant, Education Grant, Disabled Children Grant), War Memorial Hostels Grant for wards of ESM.
- (e) Under PMSS, 4000 scholarships are being awarded to the wards of ESM for pursuing higher professional courses. A large section of ESM/dependents are availing benefits under various schemes of RMDF every year.
- (f) For collection/maintenance of data in respect of beneficiaries, KSB/DGR have been requested to collect the same through RSBs/ZSBs. The collection of data is a lengthy time consuming exercise as registration with the ZSBs by the ESM/dependents is voluntary.

- (g) The concessions in rail/air travel are in place to recipients of Gallantry Awards/Disabled officers/War widows.
- (h) Ministry has intensified efforts to expand the network of ECHS throughout the country. This facility has also been extended to Indian Ex-servicemen settled in Nepal. In addition to the existing 227 polyclinics, 73 new polyclinics have been operationalised.
- (i) To commemorate the Veterans Year, the Ministry has taken up the matter with Department of Posts for release of a stamp and a First Day Cover.

Recommendation (Para No. 8)

The Committee have consistently been recommending the Ministry to prepare Outcome Budget and lay the same in Parliament alongwith the Demands for Grants. Even when the issue is pursued year after year, the Ministry has not been able to prepare the Outcome Budget document. What is more disturbing is the fact that the Ministry is not keeping the assurance given during each year in this regard. The Committee have now been informed that the Outcome Budget documents for the identified organisations for the year 2012-13 were ready in time. However, upon examination it was felt that the same need to be refined further.

The Committee have been apprised that all the allocations of the Ministry are under the non-Plan segment and as such are not subject to scrutiny by Planning Commission. The Committee may again like to emphasize that Outcome Budget is an important document to ensure Executive accountability to Parliament. Not only that the achievements of the Ministry are scrutinized by virtue of being quantified by this important document.

The Committee observe from the aforesaid scenario that the delay on the part of the Ministry is just to avoid Parliamentary scrutiny as well as the public scrutiny thereto Outcome Budget being a public document. Not only that the schemes are not covered by the rigorous Zero Based Budgeting exercise being done by Planning Commission, the reasons being whole Defence allocation as non-plan, not subject to the scrutiny by the Planning Commission. The Committee again reiterate their recommendation and would like the Ministry to prepare Outcome Budget at least from the year 2013-14 onwards. Not only that the Ministry of Defence should explain in details the rationale of allocating all the outlays

of the Ministry of Defence under the non-Plan segment. The concrete result oriented measures in this regard should be taken and the Committee apprised accordingly.

Reply of the Government

The Ministry has been taking steps to implement the concept of Outcome budgeting. As a part of this, Outcome Budget documents for the year 2012-13 were prepared by the Naval Dockyards, DG NCC and DG MAP. The Ministry is also making attempts to identify more organisations that can be brought under the ambit of outcome budgeting. It is proposed to place the Outcome Budget for NCC, MAP before Parliament for financial year 2013-14.

In so far as issue of the allocations for Ministry of Defence being provided under the Non-Plan segment is concerned it may be stated that Plan allocation is essentially expected to realise the development potential of the economy's productive capacities. Thus it is typically the development/welfare oriented schemes that are classified as plan expenditure and subject to scrutiny by the Planning Commission. In so far as Ministry of Defence is concerned, the expenditure relates to an essential service of the Government and is distinct from the development/welfare oriented schemes falling under the Planning Commission. However, the fact that Defence Capital outlay is funded under the Non-Plan segment, should not in any manner be taken to convey a lack of planning in prioritizing and projecting of expenditure. Infact, Capital Acquisition expenditure, which accounts for over 80% of the capital outlay, is as per the Services Capital Acquisition Plan which is a subset of the Five Year Plan which in turn is a part of the 15 year Long Term Integrated Perspective Plan (LTIPP).

The fact that Defence Budget is entirely non-plan budget and is therefore not subject to scrutiny by the Planning Commission, should not be taken to mean that the basic tenets of Zero based budgeting are not being adhered to by the Ministry. Budgetary projections are finalized by the Ministry/SHQs after rigorous scrutiny within the Services Headquarters and at various levels in the Ministry, within the ceilings fixed by the Ministry of Finance.

Recommendation (Para No. 9)

The Committee have consistently been raising serious concern over non-finalisation of long-term plans which have resulted into adhocism

in the planning process. The Tenth and Eleventh Plan could not be finalized during the whole Plan period. There was considerable delay in finalization of LTIPP 2012-27. The Committee appreciate that at last the consistent pursuance has yielded results and LTIPP 2012-27 and Twelfth Plan have been approved by DAC. The Committee hope that with the finalization of the Five Year Plan and the LTIPP 2012-27 the Ministry would be in a better position to make the strategies to build the requisite capabilities of the Services keeping in view the challenges.

Reply of the Government

The observations of the Committee have been noted for guidance.

(Please see para No. 16 of Chapter-I of the Report)

Recommendation (Para No. 10)

It has come out during the course of the deliberations on Demands for Grants 2012-13 that there is shortage of ammunitions, aircraft, armaments and artillery and other force level with our three Services. The detailed examination in this regard has been undertaken in the later part of the Report. The Committee understand that there are long procurement procedures involved in acquisitions. Not only that there is considerable delay in procurement leading to time and cost overruns.

The Committee during the course of deliberations have been apprised that as per the existing financial delegation of powers, the three Chiefs have the range of Rs. 50 crore. The issue of increasing the delegation of financial powers in this regard to Rs. 150 or 200 crore was discussed in the recent meetings with the Raksha Mantri as informed by the representative of the Ministry during the course of deliberations. The Committee consider that the aforesaid suggestion to increase the delegation of financial powers of the three Chiefs merit consideration and immediate decision in this regard should be taken which, to some extent, would help to speed up acquisition/purchases, particularly, in the context of Army where the acquisitions are smaller. Besides, urgent initiatives need to be taken to simplify and speed up the procurement procedure in consultation with the Services.

Reply of the Government

A proposal has been formulated and is being processed for the approval of Competent Authority for enhancement of the financial powers

delegated to the Service HQrs. from Rs. 50 crore to Rs. 150 crore to sanction capital acquisition proposals included in the Annual Acquisition Plans of the three Services, as per the recommendation of the Standing Committee.

The objective of Defence Procurement Procedure (DPP) is to ensure expeditious procurement of the requirements of the Armed Forces in terms of capabilities sought and timeframe prescribed by optimally utilizing the allocated budgetary resources. The DPP is reviewed regularly on the basis of experience gained during its implementation and feedback received from the Services and other stakeholders. Some of the amendments incorporated in DPP-2011 to expedite and streamline the procurement process are as follows:—

- Indian Entity to undertake the absorption of Transfer of Technology (ToT) for Maintenance to be pre-decided during SCAPCHC and approved by DAC.
- Delegation of authority to Vice Chiefs of respective Services for granting additional 30 days grace period (over and above the existing provision of 15 days), for a vendor to produce equipment for trials.
- Simplified procedure for the vendor to submit 'Integrity Pact and Bank Guarantee (IPBG)' which is directly linked to the validity of commercial offer.
- The erstwhile practice of a vendor submitting Performance Bond and Warranty Bond combined into a 'Performance-cum-Warranty Bond'.
- A stringent monitoring mechanism instituted to ensure pragmatic timeline is adhered to for each procurement case. This envisages increased accountability at all levels.
- The Exchange Rate Variation (ERV) clause made applicable to all Indian vendors when they compete with their foreign counterparts under the "Buy Global" category, thus providing a level playing field for DPSUs and Indian Private Sector Companies.
- The scope of Offset Policy Guidelines expended to include "civil aerospace", "internal security" and "training aids" within the ambit of eligible products and services for discharge of offset obligations to provide a wide range of

offset opportunities to vendors participating in defence procurements and encourage building up of indigenous manufacturing capability in crucial areas.

- The existing Chapter-III on “Ship Building” revised to include guidelines for shipbuilding on competitive as well as nomination basis. Various clauses for strengthening of the contracting mechanism, linking payments to stages of construction for ships/yard crafts, including modular construction included in the revised Chapter-III. These changes have been incorporated to provide a level playing field to the DPSU Shipyards and Private Sector and promote indigenization for induction of ships, submarines and yard crafts for the Indian Navy and Coast Guard.

Recommendation (Para No. 11)

Some important suggestions emerged during the course of the deliberations to address the issue of delay in acquisitions. One such suggestion was preparing a databank for the acquisition of our Services to which the Secretary acknowledged that some start has been made on the part of the Ministry. In this connection, the Committee may strongly like to emphasize that some structured mechanism to have the databank for the future acquisitions for our Services should be created by the Ministry, particularly, when LTPP 2012—27 has now been approved. The respective Services should be requested to prepare a long term inventory with regard to their requirement and a databank should be prepared and maintained by the Ministry in this regard. The aforesaid mechanism would save much of the time that is involved in preparing the desired acquisitions and then getting approvals.

Reply of the Government

In accordance with the provisions of Defence Procurement Procedure (DPP)-2011, the acquisition of Weapon systems and equipment for the Armed Forces flows from the Long Term Integrated Perspective Plan (LTIPP). The current LTIPP spells out the capability desired to be achieved by the Armed Forces over 15 years duration (2012—27). The LTIPP is translated into specific assets to be acquired, in the form of Services Capital Acquisition Plan (SCAP), covering a five year period.

From the SCAP, a list of equipment and weapon systems required to be procured immediately is listed in the form of the Annual Acquisition

Plan (AAP). The AAP covers a period of 2 years and rolls over to the next financial year. The AAP is prepared and prioritized in consonance with the Budget allocation for capital acquisitions.

Thus, there exists an in built system for maintaining long-term and short-term list of desired capital acquisitions for the Armed Forces. The data base for capital procurements is maintained by each Service and is being shared on an 'as required' basis between the three Services including the Coast Guard. Collegiate vetting of capital acquisition proposals in forums like SCAPCC, SCAPCHC, DPB and DAC provides full opportunity for the Armed forces to exchange information at various stages of the capital acquisition process.

Recommendation (Para No. 13)

The Committee find that CBI had reported against six companies and these companies have been blacklisted for ten years. With the blacklisting of these companies, a difficult situation has arisen due to technology being rare and with few manufacturers internationally. For example, on the issue of procurement of L-70 gun replacement, according to Army the best gun is made by Rhine metals Air Defence (RAD), Zurich and the said company is one of the blacklisted companies. Further, the problems with regard to tanks ammunitions have further compounded due to blacklisting of IMI, Israel. The Committee observe that the blacklisting of the companies ultimately result into blacklisting of the rarest technologies and the solutions in this regard need to be found. One such solution is to give more focus to defence R&D in an integrated approach involving DRDO, premier Research institutions, Defence PSUs, Ordnance Factories, premier academic technical institutions and private sector enterprises in the R&D process so as to find our own solutions to the rarest available technologies as well as in manufacturing quality defence products at competitive prices. The Committee may like to emphasize that investigations with regard to the blacklisted companies should be expedited so that it reaches to the logical conclusion and the offenders are penalized which would be a deterrent for others. More emphasis on pre CVC vetting of defence procurements can be another mechanism to address the aforesaid issue.

Reply of the Government

While blacklisting of some companies sometimes results in non-availability of rarest technologies but at the same time it provides an

opportunity for indigenous development of critical technologies and act as deterrent for others against indulging in unethical practices in business dealings.

Ordnance Factories, DPSUs have been undertaking R&D activities on their own as well as they are working in tandem with DRDO on many projects. The report of the Kelkar committee on review of Defence Procurement Procedure had recommended an integrated approach involving Users, Ministry of Defence and the Industry in the 'Make' procedure. The recommendations of the committee have been accepted by the Government for implementation.

The investigations with regard to blacklisted companies are further being carried out by CBI and necessary action shall be taken in accordance with law and as per the decision of the Court of Law.

In so far as defence procurements are concerned, an elaborate mechanism already exists as outlined in Defence Procurement Procedure for maintaining highest degree of probity and public accountability, transparency in operations, free competition and impartiality. The DPP is also amended from time to time keeping in tune with contemporary practices and to facilitate defence procurements in a logical and transparent manner. Thus the need for an additional layer of check through pre CVC vetting of defence procurements is not felt.

(Please *see* para No. 22 of Chapter-I of the Report)

Recommendation (Para No. 15)

The Committee are concerned to note that in continuation of the grace irregularities reported with regard to defence land during the previous years which include Adarsh and Sukna land cases, the year 2011-12 has not been free from such irregularities. Again, three irregularities of land cases as per the information furnished by the Ministry which include Case of B.No. 8A, Lothian Road, Pune, Srinagar – case of issue of NOC and Jodhpur Case have been reported thus raising question mark on the system of management of defence land. The Committee have selected the subject 'Management of Defence Land' during the year 2012-13 and is undertaking examination in consultation with various stakeholders. The Committee may finalize their recommendations after detailed deliberations. Here the Committee may like to strongly recommend that the investigation in the Defence land issues should be

expedited and the offenders penalized which would be a deterrent to the land Mafia which has eyes on the precious defence land.

Reply of the Government

The enquiry into the case of B.No. 8A, Lothian Road, Pune, has been entrusted to CBI. The Srinagar-case relating to issue of NOC has also been referred to CBI to enquire into the entire matter. In this case one Defence Estates Officer and a SDO have been suspended and investigation by CBI is under progress. As regards the Jodhpur case, Ministry had constituted a Joint Survey team to conduct a survey of Defence land at Jodhpur in a time bound manner. The report submitted was considered by the Ministry and Director General of Defence Estate has been further directed to submit a report on certain additional points.

Recommendation (Para No. 16)

The Committee observe that whereas the Ministry of Defence has recognized the need for development of infrastructure as well as operational capabilities to achieve desired Defence preparedness, particularly in the context of the huge undergoing infrastructure construction activities of our neighboring countries including China, the delay in forest and wild life clearances has been an impediment in this regard. The Committee in the context of examination of the subject "Construction of roads in border areas of the country" as well as during the course of examination of Demands for Grants have consistently been raising the issue of delay in forest and wildlife clearances. In spite of the efforts being made by the Ministry to fast track the said clearances, there are 12 Nos. of forest/wildlife cases pending for want of clearance from Ministry of Environment and Forests for construction of Indo-China Border Roads (ICBR) and 160 Nos. for other than ICBRs. The Committee may again like to emphasize that the strategic infrastructure need special dispensation with regard to forest/wild life clearances. The Ministry accordingly should take up the matter with the State Governments and Ministry of Environment and Forests so that the clearances are in place followed by construction of roads within the stipulated timeframe.

Reply of the Government

Nodal officers of BRO at the Project/Task Force levels as well as the MoEF and State Forest Department have been nominated and are in

regular liaison through various meetings to expedite Forest/Wildlife clearance cases. The cases are closely monitored at higher level by holding meeting at MoD with the nodal officers of concerned State Government. A review meeting was held at MoD on 17.04.2012 under the Chairmanship of Additional Secretary, MoD to expedite clearance of pending forest clearance cases. The matter is regularly taken up with MoEF and State Governments for expediting the pending forest clearances. This has yielded positive results. With the constant close monitoring, out of total 99 cases involved in 61 (ICBRs) roads, final approval has been accorded in 79 cases and 1st stage approval in 9 cases and only 11 cases are now pending and are in progress at various stages. Similarly out of 160 Nos. for other than ICBRs, at present 157 Nos. remain balance and are in progress at various stages.

An Interlocutory Application was filed for exemption of taking Forest/Wildlife cases within the 50 Km. of International Border/LAC with Hon'ble Supreme Court but it was turned down by the Hon'ble Supreme Court *vide* Court Order dated 23.09.2011 in the light of the measures taken by MoEF to expedite the Forest/Wildlife clearance cases being adequate.

The first tentative Draft of the Strategic Border Infrastructure (Development) Bill, 2011, with comments of the concerned stakeholders was sent by MHA to Ministry of Law and Justice, who after examining the same brought out the Second Working Draft of the Strategic Border Infrastructure (Development) Bill, 2011. The Second Working draft has been examined by MHA and the Draft Bill is being fine-tuned.

Recommendation (Para No. 17)

The Committee from the information furnished by the Ministry note that in respect of 6 tunnels on our borders, preparation of Detailed Project Reports (DPR), carrying of feasibility study is under progress. In addition Army has endorsed construction of 11 more tunnels in Arunachal Pradesh, Sikkim and Jammu and Kashmir which could be taken up subsequently. Besides 1 tunnel is under construction at Rohtang Pass on Manali-Sarchu-Leh road and completion date is February 2015. The Committee strongly recommend that all the desired initiatives should be taken to fast track DPRs, feasibility study in respect of the aforesaid tunnels which are at various stages of approval so that the construction work can commence expeditiously.

Reply of the Government

Ministry has taken note of the concern/suggestion of the Committee and necessary initiatives are being taken to fast track of DPRs and feasibility study in respect of the tunnels which are in progress at various stages. Further a Steering Committee (of MoD) is closely and regularly monitoring the progress of Rohtang Tunnel (8.80 Km) and all efforts are being made to complete it in stipulated time *i.e* Feb 2015. By 9 July 2012, 2.83 Km. progress (heading) has been achieved.

Recommendation (Para No. 18)

The Committee understand that the issue of funding for strategic roads and required rail infrastructure on our borders is another area which need to be addressed immediately. The Secretary during the course of deliberations has apprised that Railways is not being provided any additional allocation by the Planning Commission for upgrading rail infrastructure on our borders. There are technical issues involved. The total outlay of Defence being non-plan, outlay for additional rail road infrastructure cannot be provided from the Planning Commission. The Committee deplore the aforesaid position whereby the issue of allocation of outlay for our strategic needs is struck due to the aforesaid bureaucratic hurdles. The Committee strongly emphasize that the issue need to be taken immediately at the highest level. The Cabinet Secretary, Prime Minister's Office (PMO), the Finance Ministry should be conveyed the concerns of the Committee adequately. The Committee also desire that feasibility to fund the border roads through Pradhan Mantri Gram Sadak Yojana (PMGSY) should also be looked into. The adequate outlay for construction of the requisite infrastructure which includes strategic roads, rail, tunnels, etc. should be ensured by coordination between the various Ministries and the intervention at the highest level. Besides, The Committee may also like to emphasize that the rail tracks should be constructed after taking specifications from and in consultation with the Army so that there is no compromise on the issue of speed of the trains. The Committee would like to hear about the concrete initiatives taken in this regard followed by the positive results.

Reply of the Government

- (a) At present there is no constraint of funds for construction of Strategic Roads by Border Road Organisation (BRO). Earlier the fund allocation to BRO was inadequate. The scenario has

changed and sufficient funds are being allocated now. There is no need for funding border roads through PMGSY.

- (b) Ministry has taken up the funding of Strategic Railway projects with Cabinet Secretariat to intervene in the matter by asking Planning Commission or Ministry of Finance to make available dedicated non-lapsable funds to Railway Board for development of fourteen (14) Strategic Railway lines.

The alignment of Strategic Railway lines by army commands has been done in consonance with respective Regional Railway Boards.

(Please *see* para No. 25 of Chapter-I of the Report)

Recommendation (Para No. 19)

The Committee note that the Army has been allocated Rs. 77327.03 crore against the projection of Rs. 83861.62 crore during the year 2012-13 under the revenue section. Under the capital section the Army during the said year has been allocated Rs. 19237.80 crore against the projection of Rs. 28234.60 crore. If the analysis of the Army outlay in terms of committed outlay and new schemes is done, the Committee find that the projected requirement for capital modernization budget for the year 2012-13 was Rs. 15407.84 crore. The share of committed liability in the projected capital modernization budget is Rs. 5552.63 crore. For new schemes the projected requirement is Rs. 9855.21 crore. However, based on the actual allocation of funds by the Ministry of Finance, the total allocation for capital modernization budget for Army is 13724.14 crore out of which Rs. 5552.63 crore is for committed liabilities thus leaving only Rs. 2500 crore for new schemes. Moreover, the Committee are unable to comprehend how the proposed initiatives of the Ministry to decentralize financial delegation of power thereby increasing the limit to Rs. 150 and 200 crore would help the respective chiefs in meeting the gaps with the meagre allocation provided for the new schemes. With regard to capital revenue ratio in connection with Army, the data furnished by the Ministry indicates that the said ratio is moving more towards revenue segment. During the year 2008-09 the capital revenue ratio was 27:73 which reached to the level of 23:77 during the year 2011-12 and the projections for 2012-13 are 20:80.

Reply of the Government

The capital allocation to Army has increased steadily from Rs. 11634.18 crore in the beginning of the 11th Plan to Rs. 19237.80 crore

in 2012-13. However, owing to a substantial pay and allowance component, the revenue allocation accounts for a high share of the overall budget.

Notwithstanding the same, the requirement of the Army for additional funds under the capital segment shall be reviewed during the course of the year and based on the pace of utilisation of allocated funds and the progress of new schemes, additional funds as required shall be sought from the Ministry of Finance at the appropriate budgetary stage.

(Please *see* para No. 28 of Chapter-I of the Report)

Recommendation (Para No. 20)

The Committee fail to understand how the Army would be able to address the issue of critical shortages of armaments, the details of which have been given in the light of the aforesaid scenario whereby marginal allocations are being made for new schemes and the revenue capital ratio is moving favourable towards revenue ratio over the years. The Committee strongly feel that the issue of shortages of armaments with Army at various fronts need immediate attention. As such the adequate requirement for the proposed acquisitions of Army should be made available to the Ministry of Defence during the year 2012-13. The additional requirement of Army should be met by allocating outlay at revised estimate stage/supplementary grants.

Reply of the Government

As submitted in reply to recommendation No. 19, the requirement of the Army for additional funds under the capital segment shall be reviewed during the course of the year and based on the pace of utilisation of allocated funds and the progress of new schemes, additional funds as required shall be sought from the Ministry of Finance at the appropriate budgetary stage.

Recommendation (Para No. 21)

There are huge gaps between the sanctioned and the existing machines with Army Aviation. If the sanctioned and the existing strength is compared, there is shortage of 18 Cheetah, 1 Chetak, 76 Advance Light Helicopter (ALH) and 60 Advance Light Helicopter (Weapons Systems Integrated) (ALH-WSI) with Army Aviation. The deliberations have further

indicated that the tank ammunition is another critical area having shortages. Certain problems are being faced with regard to getting tanks ammunition. The deliberations with the representatives of Army reveal that the problems with regard to tank ammunition have further compounded due to blacklisting of IMI. The whole contract with them has fallen through and other alternate routes are now being activated.

Reply of the Government

The following is the updated information on sanctioned and existing machines with Army Aviation:—

S.No.	Category	Sanctioned	Existing	Deficiency
(i)	Cheetah	157	129	29
(ii)	Chetak	56	55	01
(iii)	Advanced Light Helicopter (ALH)	85	53	32
(iv)	Advanced Light Helicopter – Weapons Systems Integrated (ALH-WSI)	60	—	60

Commercial negotiations for procurement of 20 Cheetel helicopters from M/s Hindustan Aeronautics Ltd. (HAL) have concluded and proposal is being processed for financial approval.

Contracts have been signed with HAL for the supply of 85 ALH and 60 ALH-WSI out of which 53 ALHs have already been delivered. Entire delivery is expected to be completed by 2015-16.

Tank Ammunition

There is shortage of armament and tank ammunition. However, a one-time purchase of 16,000 rounds of AMK-339 ammunition has materialized and procurement action for additional 66,000 rounds with Transfer of Technology (ToT) from Original Equipment Manufacturer (OEM) for indigenous production is at an advanced stage. Of this 42000 rounds (FF) are likely to materialize by 2014, followed by balance 24000 rounds (CKD/SKD) and thereafter, indigenous annual production of 24000 rounds is planned over 10 years. Some quantity of INVAR and KONKURS-M Anti Tank Guided Missiles (ATGMs) are also being procured as FF and SKD/CKD kits.

Recommendation (Para No. 22)

The Committee are alarmed over the way the deficiencies have been allowed to persist leading to criticality in the Army Aviation and ammunition in the country as emerged during the course of deliberations. Nevertheless, the Committee strongly emphasize that all the issues confronting acquisitions should be addressed immediately. The Secretary during the course of deliberations has informed that Budget is not a problem. Notwithstanding the fact, the Committee may like to emphasize that the desired allocations for acquisitions should be made available to the Army. All the issues confronting delay in procurement should be dealt to put the procurement procedures on fast track mode and with decentralization of financial powers. The issue of gaps should be addressed without any further delay and also within the stipulated timeframe.

Reply of the Government

The observations of the Committee have been noted. All efforts are being made to ensure that the defence forces remain equipped with modern weapon systems at all times. The capacity of Army Aviation is being augmented as follows:—

Army Aviation

Commercial negotiations for procurement of 20 Cheetal helicopters from M/s Hindustan Aeronautics Ltd. (HAL) have concluded and proposal is being processed for financial approval.

Contracts have been signed with HAL for the supply of 85 ALH and 60 ALH-WSI out of which 53 ALHs have already been delivered. Entire delivery is expected to be completed by 2015-16.

The status of sanctioned and existing machines with Army Aviation is as below:—

S.No.	Category	Sanctioned	Existing	Deficiency
(i)	Cheetah	157	129	29
(ii)	Chetak	56	55	01
(iii)	Advanced Light Helicopter (ALH)	85	53	32
(iv)	Advanced Light Helicopter – Weapons Systems Integrated (ALH-WSI)	60	—	60

A proposal for replacement of Chetak and Cheetal helicopters is also being progressed.

Availability of Ammunition

1. The Army has adequate quantity of most of the ammunition based on Minimum Acceptable Risk Level (MARL). Only in case of some items like 125 mm FS APDS tank ammunition, the holding is not at the desired level for which remedial steps have been initiated. In case of 125 mm FSAPDS tank ammunition, 16,000 rounds (AMK – 339) have been purchased. Procurement action for additional 66000 rounds of AMK – 339 ammunition with Transfer of Technology (ToT) from Original Equipment Manufacturer (OEM) for indigenous production is at an advanced stage. Some quantity of Invar and Konkurs-M Anti-Tank Guided Missiles (ATGM) are also being procured through import and indigenous production. There is no criticality with regard to other tank ammunitions.

2. Furthermore, following new ammunition is under procurement/ proposed to be procured:—

- (a) Electronic fuzes.
- (b) Bi-Modular Charge System (BMCS).
- (c) Terminally Guided Munition (TGM) for 155 mm.
- (d) Trajectory Correctible Munition (TCM) for 155 mm.
- (e) Sensor Fuzed Munition (SFM) for 155 mm.
- (f) Artillery Fired Medium Range Loitering Missile System.

3. The placement of indent on OFB under five year roll-on plan has led to better planning by OFB which supplies most of the ammunition to Indian Army. The current 5 year roll-on plan will end in 2013-14 and Army has been asked to prepare the consolidated indent well in advance for the next 5 years in consultation with OFB. Annual Provision Review (APRs) in respect of ammunition are carried out by AHQ on yearly basis and based on deficiency and as per long term requirement of Army, the case is processed for provisioning. This is an ongoing process.

4. Budgetary Support for the planned procurements is provided on 'as required basis'.

Recommendation (Para No. 23)

Another area affecting the Army preparedness is requirements of guns for our Army. The information furnished by the Ministry indicates that the upgradation of Bofors gun is taking long time. The representative of the Ministry during the cause of oral evidence acknowledged that many years have passed after the transfer of technology case. Now, the project has been given to Ordnance Factory Board. The Committee disapprove the way the deficiency of gun systems has been allowed to reach to the criticality. While deploring the situation, the Committee strongly recommend that at least now the desired initiatives should be taken by the Ministry of Defence and the Government. The procurements should be put on fast track mode so that the criticality of ammunitions with the Army is addressed within the stipulated timeframe. All the support required for the acquisitions including the financial support should be made available to the Ministry. The Committee may also like to emphasize that the Standing Committee on Defence should periodically be updated about the status of defence preparedness of the country.

Reply of the Government

The views and observations of the Committee have been noted.

All necessary steps are being taken at Service HQ and MoD to procure new gun systems for the Regiment of Artillery. Highlights of the initiatives are as under:—

- (a) MoD is currently in the process of placing an indent for Qty. 114 Electronically Upgraded 155 mm 45 cal guns.
- (b) Trials of 155 mm 52 cal Towed SP gun are scheduled in December 2012/January 2013.
- (c) Trials of 155 mm Tracked SP gun are scheduled in April/May 2013.
- (d) Processes are under way for procuring the variants of 155 mm gun.

Necessary action has also been initiated for enhancing ammunition holding by way of intimating OFB of further requirements and the augmentation of production capacity required to match increase in Gun holdings.

Recommendation (Para No. 24)

The Ministry has apprised that out of the sanctioned strength of 47762, the gap between the authorized strength as on 1.1.2012 in respect of Officers (excluding AMC, ADC and MNS), is 10526. The aforesaid data indicates that almost one-fifth of the total post of officers in the Army are lying vacant. Accretions from time to time, tough selection procedures, difficult service conditions coupled with perceived high degree of risk involved in service career have been cited as the constrains for the shortage of officers in Army. The Committee find that most of the reasons cited by the Ministry for the shortage of officers are well within the control of the Ministry which can be addressed. The Committee also note that certain initiatives for sustained image projection and publicity campaign to create awareness among the youth on the advantages of taking up a challenging and satisfying career in Army are being undertaken. The Committee feel that more such initiatives are required. Moreover, the youth of the country can be motivated to join the Services by various mechanisms which include lectures, seminars and programmes conducted in various schools. Introducing a chapter on the challenging and satisfying career of services in the school curriculum can be another initiative which can motivate our youth to join the Services. The Ministry should take up this issue with the Ministry of HRD at appropriate level. Moreover, the Ministry has to increase the intake of students through NDA which ultimately would address the issue of shortage of officers in Services. The concrete initiatives on the suggested line should be taken so as to address the problem of shortage of officers in the Army.

Reply of the Government

The Government have been taking continuous steps to make career in Armed Forces more attractive. Some of the steps include substantive promotion to the officers including those in Short Service Commission (SSC) to the ranks of Captain, Major and Lieutenant Colonel after 2, 6 and 13 years of reckonable service respectively; increase in tenure of SSC officers from 10 years to 14 years; upgradation of 750 posts of Lt. Colonel to Colonel towards implementation of A.V. Singh Committee Report (Phase-I); upgradation of 1896 additional posts in the ranks of Colonel, Brigadier, Major General and Lieutenant General and their equivalents in the other two Services towards implementation of A.V. Singh Committee Report (Phase-II). Additional family accommodation through Married Accommodation Project (MAP); implementation of recommendations of the VI Central Pay Commission with improved pay structure etc. have also made the Services more attractive.

Further, setting up of seven new Service Selection Boards (SSBs) [2 for Army, 3 for Navy and 2 for Air Force] have been approved by the Government which will enable expeditious selection of large number of candidates for induction of officers into the Armed Forces and will thus help in reducing shortage of officers.

The Army have also undertaken sustained image projection and publicity campaign to create awareness among the youth on the advantages of taking up a challenging and satisfying career. Awareness campaigns, participation in career fairs and exhibitions, advertisements in print and electronic media, motivational lectures in schools, colleges are also some of the other measures in this direction. Besides above, NCERT and some State Boards have published a single page colour motivational cum informative advertisement on cover page of school text books. Further, NCERT has published a supplementary book 'The Indian Army – A Glorious Heritage' written by Col. Amitabh Negi, containing motivational cum informative write-up for students of different age groups. The supplementary book is eye catching with a view to attracting young students to serve in Armed Forces as career option. As regards introducing a chapter on the challenging and satisfying career in Armed Forces in the school curriculum, the matter has been taken up with Ministry of Human Resource Development.

With regard to the suggestion of the Committee regarding increasing the intake in NDA, it is informed that the intake capacity of the NDA has been enhanced from 1800 cadets to 1920 cadets by raising an additional squadron.

Recommendation (Para No. 28)

The Committee observe that presently, there is no proposal under consideration of the Government to increase the intake of the NCC cadets to the Armed Forces. On the present sanctioned strength and the number of schools/colleges inducted into NCC and those waitlisted institutions during the last three years, the Ministry has stated that the sanctioned NCC cadet strength is approximately 13.4 lakh cadets. Since the training curriculum for the cadets is two years, 50% of the total strength of the Corps join and leave every year. Therefore, approximately a strength of 6.5 to 6.8 lakh cadets are turned over every year.

The information furnished by the Ministry further indicates that the huge number of institutions are dropped out of NCC list. During the

year 2009, 158 institutions were dropped. During the year 2010 again 132 institutions were dropped. Further during the year 2011, 112 institutions were dropped. Not only that a large number of institutions have been kept under the waitlisted position. The data of waitlisted institutions indicates that their number is growing. During the year 2011, 6782 institutions were under waitlisted position against the number 6339 during the previous year.

The aforesaid scenario clearly indicates that more and more institutions want to be inducted into NCC. The Committee feel that there is a need to increase the intake into NCC so as to address the problem of waitlisted institutions. Perhaps there is a need to increase the capacity for NCC training. The Committee recommend that the Ministry should look into the matter so that the waitlisted institutions are inducted into NCC, particularly when objective of NCC is to prepare the leaders of tomorrow into disciplined and patriotic citizens.

Reply of the Government

The Government has sanctioned the expansion for NCC by two lakh additional cadet strength that will increase the total strength of NCC cadets from 13 lakh to 15 lakh by the year 2015. The expansion plan has commenced from the year 2011-12. It will be completed in five phases with 40,000 students getting enrolled each year in the NCC. This expansion will not only have additional institutions being allotted NCC, it also includes waitlisted institutions to be inducted wherever such schools/colleges are located in the area.

Recommendation (Para No. 29)

The Committee would also like to be apprised about the reasons for the institutions being dropped from the NCC list as informed to the Committee by the Ministry during the course of deliberations.

Reply of the Government

NCC is withdrawn/dropped from institutions due to non-availability of adequate number of students, non-availability of eligible teachers to be appointed as Associate NCC Officers (ANOs), non-availability of parade ground and administrative infrastructure etc.

Recommendation (Para No. 30)

The Committee further find from the information furnished by the Ministry that very few NCC cadets are joining the services as officers. During the year 2011 only one NCC cadet joined the Navy as officer. In Air Force none of the NCC cadet joined. In case of Army the data has not been furnished separately for NCC cadets joining as officers.

The Committee further observe that various initiatives to NCC 'C' Certificate holders in joining the Services are being taken as per the Government's policy. To NCC 'C' Certificate holders, Government provides reservations in recruitment to the Armed Forces and a certain weightage of marks in para military organizations. 64 vacancies in IMA, Dehradun, 100 vacancies in Officers Training Academy (OTA), Chennai, 12 vacancies in Naval Academy, Ezhimala and 10 vacancies in Air Force Academy, Dundigal are reserved per year for NCC 'C' Certificate holders. Further for entry into OTA, Chennai, Naval Academy, Ezhimala and Air Force Academy, Dundigal, NCC 'C' Certificate holders are exempt from the written examination. The Committee understand from the aforesaid position that the NCC Cadets are not joining the services inspite of weightage given to them in recruitment to the Armed Forces as officers, the details of which have been given above. The Committee understand that perhaps very few NCC cadets are getting NCC 'C' Certificate. To understand the situation the Committee would like to be apprised about the data with regard to the NCC cadets getting 'C' Certificate. The Committee would also like the Ministry and Services to analyse the reasons for NCC cadets not being able to join as officers in the services so as to understand the aforesaid scenario.

Reply of the Government

The National Cadet Corps conducts 'A' Certificate Examination for Junior Division/Wing NCC Cadets and 'B' & 'C' Certificate Examination for the Senior Division/Wing NCC Cadets. In the year 2011-12, a total of 81,440 'C' Certificates were issued to cadets who qualified for it.

To NCC 'C' Certificate holders, Government provides reservation in recruitment to the Armed Forces. Out of a total of 1617 seats available in various military training academies, around 180 vacancies per year are reserved for NCC 'C' Certificate holders for NCC Entry Schemes in various Military Academies. Out of this, about 125 – 140 are joining various

Military Academies for training to become officers against the vacancies reserved for NCC 'C' certificate holders as per breakup given below:—

Sl. No.	Year	IMA	OTA	Navy	Air Force	Total
(a)	2009	30	81	03	02	116
(b)	2010	29	100	28	02	159
(c)	2011	37	74	04	11	126

However, the NCC Entry Scheme vacancies remain undersubscribed due to the following reasons:—

- (i) Out of the sanctioned NCC cadet strength of 13.4 lakh almost 60% (8.4 lakh) of the NCC cadets are from Junior Division/Wing (not holding 'C' Certificates) and do not necessarily join the Armed Forces except NDA. Of the balance 40% (5 lakh), about 27% (1.35 lakh) are girl cadets and they normally do not opt for Armed Forces except a few. The strength of Senior Division (SD) NCC cadets is 3.65 lakh out of which the NCC cadets in the second year of NCC who are eligible to appear in NCC 'C' certificate examination is approximately 1.82 lakh. Out of this, about 55% appear for 'C' Certificate examination, it not being a compulsory examination. Therefore, on an average 80% – 85% (80000 – 85000) pass NCC 'C' Certificate examination and are eligible to join Armed Forces under NCC Entry Scheme.
- (ii) Most of NCC cadets, being from Arts stream, are not eligible to join Navy and Air Force where the QRs are science stream.
- (iii) Many NCC Cadets having A, B and C Certificates also apply for joining Armed Forces in the open Category. As far as such candidates are concerned, a total of about 175 join the various academies in the open category. Therefore, a total of 300 cadets annually join the Armed Forces inclusive of 'C' Certificate holders which is a fairly large number.
- (iv) Candidates are eligible to apply for various entry schemes in training academies in the last year of their college or after completing their graduation. NCC curriculum, however, is only for two years and most of the Senior Division cadets complete it in second year. There is thus one year's gap between completion of NCC training and ex-NCC cadets

applying for Armed Forces. Resultantly, these candidates cannot be given pre-SSB training as they cease to be NCC cadets.

(Please *see* para No. 37 of Chapter-I of the Report)

Recommendation (Para No. 31)

The Department of Ex-Servicemen Welfare was created on 22nd September, 2004 with the objective to give focused attention to the welfare programmes for ex-servicemen and their dependents including pensionary benefits, re-employment and rehabilitation. As per the Ministry of Defence official website, approximately 60,000 service personnel are retired/released every year at a comparatively younger age. At the time of retirement, majority of service personnel are at an age where they have numerous unfinished family and other social responsibilities which necessitates taking up a second occupation.

The Committee has in their earlier reports recommended for lateral transfer of Ex-Servicemen (ESM) into Central Para Military Forces or State Police Forces. The Fifth Pay Commission had also recommended to increase in percentage of Posts reserved for retired service personnel in Group 'C' and 'D' in CPOs to 25 per cent by lateral transfer. The Fifth Pay Commission had also suggested setting up a joint recruitment board comprising representatives of CPOs and Defence Forces Headquarters that would jointly select officers/men who would render 7 years service in Defence Forces to be followed by lateral shift to CPOs. The Sixth Pay Commission also in their report had recognized the need for lateral induction of Ex-Servicemen into Central Para Military Forces (CPMFs) and other Central Police Organizations (CPOs).

Reply of the Government

Lateral induction of serving personnel into Central Armed Police Forces (CAPFs) was a key recommendation of the Kargil Review Committee, GoM on Reviewing National Security System and the 5th & 6th Central Pay Commissions. In the wake of the GoM Report on 'Reforming the National Security System' wherein considerable emphasis was laid on keeping a young profile of the Army in peak combat effective state capable of meeting the challenges of future conflict, a Working Group under the Chairmanship of the then Adjutant General, Army Hqrs. with

Joint Secretary (Police), Ministry of Home Affairs (MHA), Representatives of Central Armed Police Forces (CAPFs) and National Security Council Secretariat as Members, was constituted to work out the modalities for reducing the colour service and laterally transfer Army personnel to CAPFs.

The Working Group submitted its Report in March, 2002. The Report envisaged lateral transfer of army personnel into CAPFs after 7 years of colour service in the Army. The Report of the Working Group was not signed by the representatives of the MHA as the proposed lateral transfer was not acceptable to them.

A meeting was taken by the Home Secretary on 2nd November, 2006. As per the decision taken in the meeting, a Committee under the Chairmanship of Director General, Border Security Force was constituted to work out the modalities for such transfer.

MHA submitted the report of DG BSF to the Cabinet Secretariat in February, 2011 with a copy endorsed to this Ministry. The recommendations in the Report were in respect of re-employment of ex-servicemen and no recommendation was made for lateral transfer of armed forces personnel in CAPFs.

After submission of Report of DG BSF as stated above, a meeting was held in Cabinet Secretariat on 29.11.2011, which was attended by representatives MHA/CAPFs, DoP&T and Deptt. of Expenditure besides MoD/AHQ. Cabinet Sectt. have desired that MHA and MoD may explore and examine options for achieving lateral transfers from the Army to CAPFs whereby Army personnel are incentivized to join and the interests of resident CAPFs are protected. This is being examined in consultation with MHA and Army HQ.

Recommendation (Para No. 38)

The Committee note that the IAF presently has 34 fighter squadrons against Government sanctioned strength of 42 squadrons. The number of fighter squadrons is likely to reduce further to 31 during the 12th Plan period. The representative of the Ministry during the course of oral evidence further apprised the Committee that by the end of 14th Plan Air Force aim to reach 40 to 42 Squadrons.

The Committee have been informed that life span of aircraft is defined in terms of Total Technical Life (TTL) and the normal technical

life of MiG Aircraft ranges from 15 to 40 years from different variants. The details furnished with regard to fighter aircraft indicates that most of the aircrafts are more than 30 years old. The analysis of the information furnished by the Ministry further reveals that MiG-23MF, MiG-23BN and MiG-25 have stopped flying. T-69/69B (Trainer), T-75 (BIS) and (BISON), T-77 (BADAL), T-96 (Trishul) are already 40 or more than 40 years old, MiG-27, MiG-29 have more than 25 years of life. Similarly, Mi-25/35, Mi-8 and Mi-17 helicopters are more than 29 years old.

The analysis of the data furnished by the Ministry indicates that the number of fighter aircrafts due for retirement after completion of their technical life far exceeds the rate at which their replacements can be inducted in the IAF. The different variants of MiG-21 and MiG-27s are being phased out during the 12th and 13th Plan period and these are planned to be replaced with Su-30 MKI, Medium Multi Role Combat Aircraft (MMRCA), Light Combat Aircraft (LCA) and Fifth Generation Fighter Aircraft (FGFA). It is very much apparent that the induction process has not been commensurate with the de-induction process.

Reply of the Government

The IAF is presently at a critical stage of its capability building with a large number of projects at various stages of implementation. The capability building of IAF includes induction of state of the art modern equipment and also upgradation of the existing aircraft and systems to boost their operational capabilities and ensure operational relevance.

A number of procurements are in the pipeline that would enable increasing the strength of combat squadrons to the desired level to meet the security challenges. The planned induction of fighter aircraft include Medium Multi Role Combat Aircraft (MMRCA), Light Combat Aircraft (LCA), Fifth Generation Fighter Aircraft (FGFA) and Additional Su-30 MKI. The Medium Multi Role Combat Aircraft (MMRCA) proposal is at the stage of Contract Negotiation and induction of the aircraft is planned between 03 to 11 years after signing of the contract. The Government has entered into an agreement with the Russian Government to jointly develop a Fifth Generation Fighter Aircraft (FGFA). The FGFA induction in the IAF is expected from the 13th Plan onwards. With these inductions, the IAF is likely to reach the strength of 45 squadrons by the end of the 15th Plan.

(Please *see* para No. 55 of Chapter-I of the Report)

Recommendation (Para No. 39)

The Committee are concerned to note the huge gap between the required and the existing strength of Squadrons with the Air Force. The gap in this regard would be to the extent of 11 Squadrons during the Twelfth Plan. What is more worrying is the fact that our fighter aircraft fleet is quite old and is on the verge of phasing out. Even if the proposed acquisitions are in order and by the stipulated timeframe, the country would reach to the requisite level of fleet *i.e.* 42 Squadrons by the end of the Fourteenth Plan. The Committee understand from the aforesaid position that the Air Force capabilities have reached to the level of criticality. There is an urgent need to ensure that at least now our acquisitions are to be put on the fast track mode. The required Government support by way of providing requisite allocations and ensuring timely finalization of the proposals should be provided to the Air Force so as to address the critical issue of gaps in the Air Force fighter aircraft fleet.

Reply of the Government

The IAF has been allotted 28533 crore under the Capital Acquisitions for the financial year 2012-13. Adequate funds will be provided to meet the modernization and fleet replenishment requirements of the IAF.

(Please *see* para No. 56 of Chapter-I of the Report)

Recommendation (Para No. 40)

The Committee during the course of examination of Demands for Grants of the previous year had observed that out of 946 MiG aircraft, 476 MiG aircraft *i.e.* more than 50 per cent had met with accidents.

The existing strength of trainer aircraft and simulators as furnished by the Ministry indicates that out of 434 trainer aircraft inducted which include HPT 32, Kiran and Hawks, 255 are presently available. The data furnished further indicates that except the Hawks, the remaining training aircrafts are very old. HPT 32 has life of 28 years and Kiran has already completed 39 years of life.

Reply of the Government

A contract has been signed on 24 May, 2012 to procure 75 Basic Trainer Aircraft from M/s Pilatus. The aircrafts are expected to be

delivered from January, 2013 to November, 2015. Further additional 40 Hawks contract for IAF, are expected to be delivered from 2013 to 2016.

(Please see para No. 67 of Chapter-I of the Report)

Recommendation (Para No. 41)

The aforesaid scenario reveals critical deficiency of the trainer aircraft. With regard to simulators, out of 46 simulators, 16 are not operational due to grounding/undergoing phasing out process which leaves the availability to just 30 simulators. The aforesaid critical deficiency of trainer aircraft and simulators is resulting into inadequate training to fighter pilots leading to loss of life of the trained pilots which is a great loss to the families and the country as a whole. What has added to the criticality on the issue of trainer aircraft is grounding of HPT 32 after the fatal accident since 31st July,2009 resulting into the situation whereby Indian Air Force does not have a basic trainer aircraft. So far as the issue of procurement of the basic trainer aircraft is concerned, the Committee understands that the procurement process started in the year 2009 but due to various technicalities and some anonymous and some actual representations from one of the losing vendors resulted into delay in acquisition of the trainer aircraft.

Reply of the Government

Simulators

The procurement of simulators is now part of the contract for procurement of all trainer aircraft *viz.*, the Advanced Jet Trainer, the Intermediate Jet Trainer and the Basic Trainer Aircraft. These Simulators are scheduled to be commissioned by the financial year 2016-17.

Basic Trainer Aircraft

The contract for the procurement of 75 Basic Trainer Aircraft (BTA) from M/s Pilatus, Switzerland was signed on 24 May 2012. As per the contract, the delivery of the first aircraft was scheduled in August 2013 and the deliveries were to be completed by August 2016. However, delivery of the first aircraft is now expected by January 2013 and the last aircraft by November 2015.

An additional 106 Basic Trainer Aircraft are proposed to be designed and developed by M/s Hindustan Aeronautics Limited.

(Please *see* para No. 67 of Chapter-I of the Report)

Recommendation (Para No. 42)

With regard to the existing position, the Committee have been apprised that contract acquisition with regard to Pilatus PC-7 Mark-II with the manufacturer has been done. When asked about the expected delivery, the Committee have been informed that this is one of the widely used aircraft elsewhere in the world and the manufacturer would start delivery Pilatus PC-7 Mark-II in 18 months onwards.

Reply of the Government

The contract for the procurement of 75 Basic Trainer Aircraft (BTA) from M/s Pilatus, Switzerland was signed on 24 May, 2012. As per the latest status, delivery of these aircraft are expected to commence from January, 2013.

(Please *see* para No. 67 of Chapter-I of the Report)

Recommendation (Para No. 43)

The Committee have further been apprised that in the absence of the basic trainer aircraft, Kiran aircraft are being presently used for training of pilots at stage I, fighter pilots at stage II are under trainee flying instructors. Further, it has emerged during the course of deliberations that the training requirement on basic trainer aircraft are being compensated by increasing the training hours at stage II and simulators. The Committee further note that with the phasing out of HPT 32 now the remaining trainer aircraft are Kiran and Hawks. Out of 234 Kiran aircraft inducted so far only 81 aircraft are presently available. Not only that the Kiran aircraft was inducted in 1973 and as such may be having life of 39 years. Contract for additional 40 Hawks aircraft have been signed on 23 July, 2010 and the aircraft would be inducted between July,2013 to March,2016.

Reply of the Government

A total of 66 Hawk Advanced Jet Trainer have already been delivered to the IAF. Further, a contract for additional 40 Hawk aircraft was signed

with M/s Hindustan Aeronautics Limited in 2010 and delivery of these additional aircraft is scheduled to be completed by 2016.

(Please *see* para No. 67 of Chapter-I of the Report)

Recommendation (Para No. 44)

The Committee conclude from the aforesaid scenario that the Air Force has reached to a critical stage with regard to trainer aircraft and simulators. The grounding of HPT 32 and the ageing of Kiran aircraft has further worsened the situation thereby compromising the training requirement of our pilots. The Committee are of the firm view that there is an urgent need to address the aforesaid issue immediately. The option of having aircraft on lease from the countries where we have signed the contract as well as sending our pilots to the manufacturer country from which we are buying trainer aircraft emerged as option during the course of deliberations by the Committee. The Committee emphasize that all these options need to be explored by the Air Force as well as the Ministry of Defence. Moreover, all the support by way of outlay should be provided by the Government. Not only that it should be ensured that the procurement procedures are put on fast track by addressing the various hurdles encountered at various stages so as to ensure that the Air Force at any cost get the Pilatus PC-7 Mark-II aircraft by the December next year as stated by the representative of Air Force during the course of deliberations so as to address the urgent and immediate need of Basic Trainer for Air Force.

Reply of the Government

The contract for procurement of 75 Basic Trainer Aircraft (BTA) from M/s Pilatus of Switzerland was signed on 24 May, 2012. Training of IAF Flying Instructors is now scheduled to commence from 15 November, 2012 and the delivery of the first aircraft is expected in January, 2013. In view of the contract that has since been finalized, the lease option is no longer required.

(Please *see* para No. 70 of Chapter-I of the Report)

Recommendation (Para No. 45)

It has come out during the course of deliberations that one Phalcon was grounded for some time at Agra. The Ministry in this regard has elaborated that due to a gale in May, 2010, small pebbles and dust particles

got ingested into the engines of one of the AWACS aircraft. To rule out any damage to the engines due to Foreign Object Damage (FOD), one AWACS was not flown between 07 May, 2010 to 25 August, 2010 while it was being examined thoroughly. The three suspected engines were replaced with new engines and one engine was cleared after thorough examination. The three engines were subsequently restored by IAF by removing the pebbles and dust particles in February, 2011. The Committee observe that Air Force has already limited capacities and there is an urgent need to take care about the maintenance of our aircraft, particularly in the extreme weather conditions so as to avoid the situation of temporary grounding of any of the aircraft due to extreme weather conditions. The Committee observe that the aforesaid recommendation of the Committee need immediate attention from the Ministry/Air Force.

Reply of the Government

Further the measures mentioned in the para, IAF has constructed three hangers for safe protection of these high value assets at its parent base and it is ensured that AWACS are parked inside these hangers at all times, except when required for operations. Additional measures also include constant review of weather at operating bases with an option to ferry out AWACS, in case adverse weather is anticipated. The original cloth blankings have also been replaced by OEM with fibre glass based hard blankings. Additional set of blankings have also been procured for off base operations.

Recommendation (Para No. 46)

The Committee have consistently been expressing concern over the shortage of officers/pilots in Air Force. As per the information furnished by the Ministry the existing shortage is 422. The Committee have been informed that various initiatives like introduction of Fast Track Selection all around the country, participation in fairs/exhibitions, advertisements in print and electronic media, motivational lectures in schools, colleges, visuals/signages all over the country at strategic locations have contributed towards reducing the shortage of officers. The Committee emphasize that the initiatives being taken need to be continued more emphatically so as to enable Air Force to address the issue of shortage of officers.

Reply of the Government

The shortage of officers in IAF has reduced from 1342 in 2010 to 1082 in 2011 and 420 as on 01 January, 2012.

The proactive steps taken by IAF to reduce the shortage of officers such as introduction of Fast Track Selections (FTS) all around the country, participation in career fair/exhibitions, advertisements in print and electronic media, motivational lectures in schools, colleges, visuals/signages all over the country at strategic locations etc. has yielded results. The entire selection process has been simplified with the introduction of the Air Force Common Admission Test (AFCAT) for all non-UPSC entries. With this, a candidate eligible for all branches need to apply only once during each selection cycle. The IAF career website www.career.airforce.nic.in is also being upgraded to enable online e-applications from the selection cycle commencing in June, 2012.

Induction has been progressively increased to utilize the full training capacity at all training establishments. Exits have been rationalised to insure that operational effectiveness is maintained and large scale erosion of expertise in the officer cadre is obviated. These steps have resulted in positive fill rates. It is expected that the implementation of the Ajay Vikram Singh Committee report along with the above mentioned efforts would help in reducing shortages in the officer cadre at the earliest.

Recommendation (Para No. 49)

The Committee during the course of deliberations have been appraised that 44 ships at present are under construction in the various shipyards of the country. With regard to indigenization content, the Committee have been appraised that there are three segments under which the process of indigenization can be elaborated. The first part comprises of hull and associated equipments under which the country has reached to the level of 90 per cent of self-reliance and indigenization. With regard to second part which comprises of propulsion machinery like engine generators etc., the indigenization has reached to the level of 60 per cent for staff. The third part is the fight component which comprises of weapons and sensors, and in this area 30 per cent indigenization level has been reached. The Committee while appreciating the initiatives taken with regard to indigenization of our ships construction process would like the Ministry/Navy to continue the efforts so that total self sufficiency even in the critical part *i.e.* weapons and sensors is achieved within the stipulated timeframe by the concerted efforts of DRDO, PSUs and other ship building companies both under private and public sector.

Reply of the Government

In order to achieve greater “Self Reliance” and evolve from a “Buyer’s Navy” to a “Builder’s Navy”, Ministry of Defence through Defence Shipyards and Indian Navy, including participation from Indian Private Shipyards has made concerted efforts to support indigenous shipbuilding.

The defence shipyards have undertaken comprehensive modernization programme through project based funding and internal accruals to develop state of the art infrastructure capabilities.

The Indian Navy has also identified the need for strong design support to indigenous shipbuilding programmes and has nurtured and developed in-house warship design capabilities. India’s first indigenous warship was commissioned in 1961. As on date 111 warships have been constructed at DPSU shipyards, and presently, 43 ships and submarines are on order from public and private sector shipyards in India.

In order to provide a fillip to indigenous design and R&D in shipbuilding activities, the Ministry has setup the “National Institute for Research and Development in Defence Shipbuilding”, which has been registered as a society under the relevant act in November, 2010. It works through a Governing Body headed by the Raksha Mantri and an Executive Committee headed by the Director-General of the Institute.

As per the broad classification of the equipment and machinery fitted on board ships three categories based on the vital functions of ‘float, move and fight’ have been identified. The analysis of these categories indicates that while adequate self-reliance has been achieved in the first two categories, there is scope for improvement in the ‘fight’ category. The current indigenous content of the three categories of warship equipment is given below:—

Categorization	Indigenous Content	Import Content
Float (Hull and Associated equipment)	90	10
Move (Propulsion Machinery)	60	40
Fight (Weapon and Sensors)	30	70

This above mentioned data also formed part of the presentation given to the SCOD on 04 April, 2012. In view of the large percentage

of import content in 'fight' component *viz.* weapon and sensors, it is intended to focus efforts in increasing the indigenous content in this area in the coming years.

Details of efforts made towards indigenization of weapon and sensors are placed at Annexure 'A'.

Annexure 'A'

INDIGENISATION OF WEAPONS AND SENSORS

Details of efforts made towards indigenization of weapons and sensors are as follows:—

- (a) **Kavach.** Kavach chaff system has been indigenized by OFB as the standard chaff system being fitted onboard Indian Naval ships.
- (b) **SR SAM.** Efforts are being made by DRDO through foreign collaboration to jointly develop SR SAM (with Active Seeker Technology) in India. Post successful development, missiles are envisaged to be indigenously produced by BDL, Hyderabad to meet the requirement of Indian Navy and Indian Air Force.
- (c) **P21/22 SSM Loaders.** Efforts are being made by DWE for indigenization of P21/22 SSM Loaders.
- (d) **12.7 mm and 127 mm Guns.** 12.7 mm and 127 mm guns are being inducted with ToT to OFB and BHEL respectively.
- (e) **SSR (Radar).** SSR are being planned for procurement under 'Buy and Make' Indian procedures. The radar is also being considered for fitment on P17A and P15B ships.
- (f) **VSHORADS (Very Short Range Air Defence System).** Joint case for VSHORADS under 'Buy and Make' with ToT to BDL is under progress and is at FET stage.
- (g) **Humsa-NG Sonar.** Humsa-NG is the fourth generation Sonar after the successful production of first indigenous Sonar APSOH. This has been nominated for all capital ships that are being built indigenously. Feasibility of upgrading the system to Humsa-4G is also being explored by NPOL/DRDO. Humsa-NG is also being procured as replacement for the existing Sonars of INA.

- (h) **USHUS.** This sonar has been designed as replacement of the Russian MGK 400 onboard EKM class of submarines. This has been fitted onboard five EKM platforms.
- (i) **Indigenous Rocket Launcher (IRL).** IRL as a replacement for RBU 6000 is being manufactured by M/s L&T. Firing trials of prototype launchers were completed successfully in March, 12. This system is nominated for fitment onboard P15A, P28, CASW, P15B and P17A.
- (j) **ASW Rockets.** All ASW Rockets and fuses have been indigenized.
- (k) **IAC MOD C.** Indigenous ASW FCS has been developed by NSTL with M/s BEL as Production Agency. Six system (03 each) for P15A and P28 have been delivered. The system has also been nominated for fitment onboard P15B, P17A, CASW Ships and for Delhi Class Mid Life Update.
- (l) **Maareech.** The project was sanctioned in August 03 with August 05 as Probable Date of Completion (PDC). First production grade system has been fitted onboard Ganga and UETs are likely to commence post monsoon. If successful the system will be inducted onboard, P17, P15A, P28, Talwar, Talwar follow on and Delhi Class.
- (m) **ALTAS.** Advance Light Towed Array Sonar (ALTAS) project has been sanctioned in April 12 with probable date of completion of 48 months.
- (n) **Mines.** Processor Based Ground Mine (PBGMM), Processor Based Moored Mine (PBMM), Processor Based Exercise Mine (PBEM), Processor Based Advanced Exercise Mine (PBAEM) and Light Weight Mine (LWM) have been developed with assistance of NSTL.
- (o) **Torpedoes.** The Navy has signed a contract with BDL for induction of 25 indigenously developed light weight torpedo TAL Mk-I. In addition, development of one each, Advance Heavy Weight Torpedo (Varunastra) and Advance Light Weight Torpedo (ALWT), by NSTL is in progress and will be inducted into the Navy after completion of User Evaluation Trials (UETs).

Recommendation (Para No. 51)

The Committee during the Study visit to Goa during the year 2011 had observed that the Married Accommodation provided to the Officers and staff of Navy was in a dilapidated condition. The Committee find from the information furnished by the Ministry that during the year 2012-13, the allocations for Navy Married Accommodation Project is Rs. 202.83 crore against the allocation of Rs. 153 crore as per previous year Revised Estimates allocation. The Committee recommend that adequate allocation for Married Accommodation Project of Navy should be provided. The Committee may further like to emphasize that the position of married accommodation provided to Officers and staff of Navy including at Goa should be reviewed and necessary action taken particularly when the sorry state of affairs in this regard has been brought to the knowledge of the Ministry after getting the feedback through the on-site inspection during the Study visit of the Parliamentary Committee on Defence. More so, the system to get the feedback about the satisfaction level of Officers and staff with regard to married accommodation provided at various locations should be developed which would help our service personnel particularly the personnel deputed at the difficult locations to live in a dignified accommodation.

Reply of the Government

The dilapidated building observed by the Standing Committee on Defence, during study visit to Goa in the year 2011, was inside the Defence Civilian Residential Area at Varunapuri, Vasco, Goa. The said building was unoccupied and undergoing major repairs since September 2009.

Major repairs to the building had been undertaken under Annual Major Works Programme (AMWP) 2008-09 as "Reconstruction of Defence Civilian and Sailors Married Accommodation at GNA" at an estimated cost of Rs. 104.71 lakhs. The provisional date of completion of the project was 31st march, 2011. The repairs to the said building have been completed.

During the year 2012-13, the budgetary allocation for Navy Married Accommodation Project is Rs. 202.83 crore against the allocation of Rs. 153 crore as per previous year Revised Estimates Allocation. The funds are for new construction of Married Accommodation at various Naval Stations being executed by Director General Married Accommodation Project. Adequate allocations of funds are being made

for Married Accommodation Project of the Navy in consonance with the progress of work on ground.

The system of feed back about the satisfaction level of Officers and Staff with regard to Married Accommodation provided at various locations already exists within the framework of the organisation, by which regular inspections and maintenance are carried out at specified intervals. The extensive repairs to certain number of buildings are carried out in staggered manner to cause least inconvenience to the occupants.

Recommendation (Para No. 52)

The Committee observe that Defence Research and Development Organization (DRDO) are not being allocated outlay as per their projections. As informed by the Secretary R&D during the course of deliberations DRDO was allocated Rs. 10,014 crore against the projection of Rs. 14,848 crore during the previous year and during this year *i.e.* 2012-13 out of the proposed allocation of Rs. 14,463 crore DRDO has been allocated Rs. 10,635 crore. The trend of allocating lesser than the projected outlay is consistent during each of the year of Eleventh Plan and 2012-13 under Revenue and Capital section. Percentage share of allocation of capital outlay for DRDO out of the total Defence Budget was 3.11% during the year 2010-11 which has declined to 2.82% during the year 2011-12. With regard to the percentage of expenditure on Defence R&D in relation to GDP, the Committee find that during the year 2010-11 the percentage is 0.13% which reached to the level of 0.09% during the year 2011-12. Curiously the Committee desired to know about the percentage of GDP on Defence R&D in China and the Committee have been informed that 2.5% of GDP in China is spent on R&D. The information furnished by the Ministry further indicates that there are many ongoing projects costing Rs. 100 crore and above with DRDO which include Multi Mission Radar, Setting up a Seakeeping and Maneuvering Basin (SMB), Development of Advanced Light weight Torpedo, Programme on NBC Defence Technologies, Development of Dual Colour Missile Approach Warning System for Fighter Aircraft, Development of D-29 System (Internal EW System for MiG-29 Upgrade Aircraft).

The Committee, therefore, strongly recommend that the adequate outlay to DRDO should be provided so that the important strategic projects being taken by the premier Defence Research and Development Organisation are not affected due to want of resources. The adequate allocation for DRDO as recommended by the Committee should be made

available to DRDO, keeping in view the fact that more emphasis on R&D would result in our lesser dependence on imports with regard to our requirement for our Services which include the strategic requirement.

Reply of the Government

Efforts have been made by the Ministry to meet the budgetary requirements of DRDO to the extent possible within the overall allocation provided by the Ministry of Finance. Nevertheless, additional requirement of funds shall be reviewed and projected to the Ministry of Finance as required.

Recommendation (Para No. 53)

The Committee has consistently been expressing concern over the attrition of scientists from DRDO. The number of scientists who left DRDO had shown a declining trend since 2009 which was attributed due to enhancement in salary with Sixth Pay Commission revision. This trend has reversed during 2011 when 86 scientists have left DRDO against the number of 63 and 65 during the year 2009 and 2010 respectively. The existing authorization as per Government orders in 2001 has stated as 33442. Projected requirement up to 12th plan has been given as 4966. Again the No. of immediate critical requirement has been given as 1316 which was to be filled during 11th plan but now would be carried out to 12th plan.

Reply of the Government

The effect of increase in salary of DRDO scientists due to implementation of recommendation of 6th Central Pay Commission has been gradually declining from 2009. As a result, attrition rate is increasing. DRDO has been making all efforts to arrest any attrition of scientists by granting various incentive packages besides creating excellent work culture at laboratories and amenities in residential complexes, deputing scientists for higher academic and professional qualifications, allowing participation in national and international conferences, symposia, seminars, etc., awarding talented and deserving scientists on National Science Day, National Technology Day, etc.

The DRDO's manpower authorization (as per Government order in 2001) was 33442. This includes scientific, technical and allied cadres. This manpower was sufficient for carrying out R&D activities. Over the

past few years, due to changed threat perception, DRDO has been assigned some major R&D work to meet the present and future security challenges. DRDO's additional projected manpower requirements up to 12th Plan was 4966 (including 2776 Scientists and 169 Works Officers). However, based on the advise of Ministry of Finance, additional manpower requirement being projected now is confined to the "immediate and unavoidable critical requirements" only to cater for the ongoing projects being carried forward to 12th Plan. Thus, DRDO has projected an additional requirement of 1316 posts (including 1260 Scientists and 56 Works Officers) as immediate and unavoidable critical requirements to the Government

(Please see para No. 76 of Chapter-I of the Report)

Recommendation (Para No. 54)

The aforesaid position indicates that DRDO is finding constraints in filling up even the critical vacancies. More and more scientists are leaving this prestigious Defence Research Organization which has further added to this problem. The analysis of the data with regard to attrition of scientists further indicates that perhaps the favourable impact of the pay revision due to Sixth Pay Commission Recommendations has gone and the attrition rate during the year 2011 has again shown increasing trend. The Committee would like DRDO/Ministry of Defence to study the aforesaid scenario. Nevertheless, all the desired initiatives to fill up the critical vacancies as well as to address the issue of attrition should urgently be taken up by the Ministry/DRDO to ensure the effective functioning of this prestigious organization.

Reply of the Government

As regards, the issue of attrition of DRDO scientists, it is about 1% of the total authorization of scientists. DRDO is constantly keeping a watch on the attrition level of scientists and taking all necessary remedial measures. In this connection, various steps have been taken by the DRDO to arrest the attrition of scientists and also to attract talented scientists in DRDO.

Recommendation(Para No. 56)

The Committee find from the information furnished by the Ministry that the profit of all the DPSUs is on the increasing trend since the year

2008-09. However, in case of BEML and MDNL, the profits have declined since 2008-09. The Committee would like the Ministry/DPSUs to explain the reasons for decline of profit of these important DPSUs.

Reply of the Government

There has been a decline in the profit of BEML since, 2008-09. However, the main reason for decline in profit is a significantly high increase in employee remuneration after the company signed the wage settlement agreement with the workers and implemented the government guidelines for revised pay of the officers (an increase of Rs. 152 crores). Apart from above profit has also declined due to increase in interest cost, additional provision for doubtful debts and advances, excise duty provision for stock of finished goods etc.

Mishra Dhatu Nigam Limited - MDNL has remained as a profit making PSU since more than 10 years. From 2008-09 onwards, the profit is showing only an increasing trend. The performance of MDNL for the last 5 years is as follows:

(Rs. in Crores)

Year	Turnover	Profit Before Tax (PBT)	Profit After Tax (PAT)
2007-08	255.01	54.95	35.54
2008-09	309.11	62.90	41.06
2009-10	371.21	67.67	44.62
2010-11	417.87	75.18	50.42
2011-12	509.01	98.50	68.45

Recommendation (Para No. 58)

The Committee note that the complaints have been received during each of the last three years regarding the product delivery by HAL, BEL and MIDHANI. For HAL the customers have expressed concern over time overruns in some of the major projects. Regarding BEL also complaints were received regarding delay in completion of projects and for MIDHANI, the complaints were on account of cracks on bars, excessive bands, surface defects, UT defects after forging and under size items etc. The Committee express serious concern over delay in various major projects which would have resulted in the cost escalation of the project. The committee would like to be apprised of the effect of time overruns on the overall cost size of the various projects. Besides, the committee

would may also like to recommend that the penalty clause for the delay in the agreement should be in-built so as to address the issue of delay in completion of various major projects.

Reply of the Government

I. HAL

In respect of Hawk, Su-30 MKI and ALH there is time overrun but there is no cost overrun. The reasons for time overrun are as follows:—

(a) Su-30 MKI

The Su-30 MKI aircraft is an advanced combat aircraft which was in its development stage when the inter governmental agreement was concluded in October, 2000. The development process was completed later than as envisaged in 2000, causing delay in the supply of aircraft. Protocol on completion of design and development activities was signed only in Dec. 2008. Electronic warfare evaluation could only be completed in March 2010, as Radar and Electronic warfare performance was not satisfactory. There was an average delay of three plus years in design and development phase of Su-30 MKI aircraft which had an impact on all subsequent deliveries.

(b) Hawk AJT

The delay in delivery of Hawk by HAL was due to receipt of defective components, jigs and fixtures from the foreign manufacturer M/s BAES on whom liquidated damages of 6.5 Million GBP were levied. The time taken in replacement of defective parts and machinery supplied (BAES had supplied around 115 types of defective components for Ph-II build) was generally around three to four months and thus it delayed the programme.

(c) ALH (Dhruv)

One of the main reasons for delay in the ALH programme was the engine. The French Turbomeca engine used in the trials could not meet the weight and height requirements of the Services. Hence a higher power engine named 'Shakti' was co-developed by HAL and Turbomeca. This development effort delayed the programme by two years.

Mk-I and Mk-II ALHs were produced using Turbomeca engines and Mk-III Dhruvs are being manufactured with Shakti engines. This migration to a new engine caused further delays as all systems had to be integrated with the new engine.

The issues pertaining to these projects have been addressed and Aircraft production to meet the customer requirement is underway. The contracts for these projects have been signed with a provision of penalty clause.

In respect of IJT, cost revision is sought to cater for unanticipated Design activities due to numerous design changes/modifications based on flight test. Cost escalation, Exchange Rate Variation and Statutory levies have also added to the cost overrun. The project does not have penalty clause/exit clause. However, this design project is being regularly reviewed by the project Steering Committee and High Powered Committee.

II. BEL

The on-time delivery of the company for last three years on an average is around 80%. Even though the improvement initiatives like implementation of SAP (ERP application), usage of latest Project Management tools, Process improvements, structured review mechanism etc., ensure thrust on timely delivery, it is inevitable that some of the projects get delayed. These projects are mainly large complex systems and the reasons for delay is due to concurrent engineering, change in user requirement/specifications to incorporate additional features, site readiness etc.

All the contracts signed between BEL & MoD are Fixed Price contracts based on negotiated prices firmed up prior to signing of contract. Considering the above, any delay in completion of projects does not lead to cost escalation for MoD unlike Cost Plus contracts. Further, all the contracts are invariably covered by Liquidated Damage (LD) clause whereby a penalty of 0.5% per week upto 5%/10% max. of contract value is levied by the customer.

III. MIDHANI

Rejection noticed was mainly for two items supplied to Metal Steel Factory (MSF) Ichapur, namely, (1) MDN 172 slugs and (2) MDN 172

breech rings. The reasons for rejection and remedial steps taken are given below:—

In connection with supply of MDN 172 slugs, Ultrasonic defect/porosity were noticed in MSF during inspection.

As Midhani supplies the slug in remelted and post heat treated condition, there is no scope of carrying out any Ultrasonic inspection at supply stage because cast structure does not show any ultrasonic indication. Only chemical analysis is carried out to ensure the compositional homogeneity. So occurrence of any random and unforeseen ultrasonic defects porosity cannot be ensured at this stage.

After receiving the complaint of ultrasonic defect and porosity during inspection at MSF, Midhani has carried out a detailed study and concluded that the defects were due to slag entrapment from the refractories/hot tops used during primary melting and hot topping of the ingot. Accordingly, the specification of consumables was modified and processing parameters were rescheduled. Following the revised practice, more than 60 nos. of slugs have been processed and supplied to MSF, which were found to be defect free.

In connection with MDN 172 breech rings, MSF requested Midhani to supply 9 tons ingots. As melting capacity of Arc furnace is limited *i.e.* 5T, Midhani took a developmental order from MSF by utilizing Arc furnace and VIR furnace together for making a combination heat of 10T on trial basis. The electrodes, after combination heat was remelted and post remelting heat treatment was carried out. As ultrasonic inspection cannot be carried out on Ingot stage, occurrence on any random and unforeseen UT defect or cracks inside the ingot could not be ensured. Only chemical analysis was done to ensure compositional homogeneity.

After trial forging, ultrasonic defects were noticed in the final product. The origin of the defects was analysed at Midhani and it was observed that the ultrasonic defects were due to slug entrapment during combination of liquid metal from two furnaces and casting into the ingot. As ultrasonic testing could not be carried out on ingot, the defects went un-noticed.

The processing parameters were again carefully studied and melting schedule in both the furnace were modified and intermittent slag removal during melting was introduced to avoid slag entrapment.

Accordingly 3 heats have been supplied to MSF. Production trials at MSF have been carried out and results were found to be satisfactory.

Recommendation (Para No. 59)

The Committee find from the information made available by the Ministry that meagre allocations are being made to R&D by the Ordnance Factories. During the year 2010-11, only Rs. 39.95 crore was allocated for R&D. The Committee strongly recommend that more emphasis need to be given to R&D by Ordnance Factories so as to ensure indigenization of the products manufactured by the Ordnance Factories as per the Services requirements.

Reply of the Government

OFB is primarily a production organisation and earlier mandate to OFB for R&D was limited to process and product improvement. However, in the recent past their financial powers to undertake R&D have been significantly enhanced enabling them to expand their activities in development of new products and product upgrades. Since Defence R&D is a very complex field, with long gestation period therefore the result of above initiative may take same time to yield result. OFB is in the process of augmenting infrastructure to facilitate R&D activities. In this direction, 12 Ordnance Development Centres, mandated to work in generic Defence products, have been opened. In addition, to develop a talent pool, technical experts are being given training in the field of Defence products design/development in Defence Institutes of repute, both abroad as well as in India.

For 2012-13, OFB has projected an expenditure of Rs. 70 crore on R&D which is substantially higher than the allocation in the past years.

CHAPTER III

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

- NIL -

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. 6)

The projected allocations of the Ministry for the year 2012-13 for the Services indicates that substantial portion of the allocations are earmarked for the Committed Liabilities leaving marginal scope for New Schemes. The Committee are concerned to note that as per the position of actual allocation of outlay by the Ministry of Defence out of total Capital Modernization Budget 2012-13 of Rs. 66032.24 crore Rs. 54839.91 crore have been allocated for Committed Liabilities thus leaving only Rs. 5520.82 crore for the New Schemes. The Committee find that the proposed acquisitions of the Services particularly of Air Force are highly Budget intensive. The Committee fail to understand how the Ministry of Defence would meet all capital requirements of the Services particularly in the context of the modernization programmes as well as gaps between the required and the existing capabilities as examined in detail in the later part of the Report. The Committee express grave concern on allocating the meager outlay for new schemes and would like the Ministry to clarify the position in this regard. Besides, since the allocations for the Services are the immediate strategic requirement, the requisite allocations to the Ministry of Defence for the Capital segment should be made available so that the proposed acquisitions of the Services do not suffer. Moreover besides meeting the committed liabilities adequate outlay should be allocated for the New Schemes so as to enable the Services to bridge the gap between the required and the existing capabilities. The Committee strongly recommend that their concerns in this regard should adequately be conveyed to the Ministry of Finance and Cabinet Secretary.

Reply of the Government

The concerns of the Committee have been conveyed to the Cabinet Secretary as also the Secretary, Department of Expenditure, Ministry of Finance.

(Please see para No. 13 of Chapter-I of the Report)

Recommendation (Para No. 12)

The Committee further observes that the aforesaid suggested mechanism would not only curtail the time required for defence acquisitions but would also help in indigenization process. Once the requirement of the Services is identified, the cases with regard to 'Make' category can be culled out and preparations can be started. Not only that the involvement of Defence Public Sector Undertakings, Ordnance Factories and even the Private Sector in this process of acquisitions would lead to the path of self-reliance. Moreover, if the perspective long-term plan for our PSUs and Ordnance Factories is prepared, these companies can be held accountable on delivery of indigenization process. The Committee further observe that preparation of the databank of acquisitions and the long-term plan in this regard can further pace up our R&D requirement. The integrated approach by the PSUs, Ordnance Factories and Private Sector, DRDO and premier Research institutions as well as the technical institutions can help in finding out solutions for difficult technologies and lead us to the path of self-reliance. The Committee strongly recommend that the concrete initiatives on the suggested lines should be taken by the Ministry and the Committee informed accordingly. Moreover, the Committee feel that the existing FDI limit with regard to defence production need to be revisited.

Reply of the Government

The recommendation made by the Committee to provide a thrust to indigenization process and self-reliance through the suggested mechanism has been noted. In this connection, it is submitted that the Defence Production Policy notified in Jan 2011, *inter-alia*, provides that based on the approved LTIPP, equipment/weapon systems/platforms required for 10 years and further down the line will by and large be developed/integrated/made within the country. The policy also provides that in order to synergise and enhance the national competence in producing state-of-the-art defence equipment/weapon systems/platforms within the pricelines and timliness that are globally competitive, all viable approaches such as formulation of consortia, joint ventures and public private partnership, etc., within the Government approved framework will be undertaken. The acemia, research and development institutions as well as technical and scientific organizations of repute will be involved for achieving this objective.

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

Recommendation (Para No. 25)

The Committee during the course of examination of Demands for Grants 2009-10 had noted that there was deficiency of 186168 units of Bullet Proof Jackets. Even when the approval of Defence Acquisition Council was obtained on 19.10.2009 for purchase of the requisite number of BPJs during the Eleventh Plan, the issue of purchase of desired BPJs is still fraught with various complications. The Committee understand during the course of deliberations on Demands for Grants of this year that the Ministry is confronting with some problems on issue of RFP. RFP was issued initially on 3rd March, 2011 however, due to problems envisaged during conduct of ballistic trials RFP was retracted on 9th December, 2011. Now, the suitable amendments are being made in the GSQR and fresh RFP would be issued.

Reply of the Government

Request for Proposal (RFP) for procurement of 1,86,138 Bullet Proof Jackets (BPJ) was prepared and issued on 03.03.11. Techno commercial offers from six vendors were received on 27.07.2011. However, the RFP had to be retracted on 09 December 2011 due to technical problems envisaged during ballistic trials. Subsequently, the GSQR was amended and approved by GSEPC on 11.04.2012. New RFP would be issued after procedure for trial Methodology is finalized.

(Please see para No. 34 of Chapter-I of the Report)

Recommendation (Para No. 26)

Another issue consistently been raised by the Committee is the weight of the Bullet Proof Jackets. When the issue was raised in the Seventh Report on Demands for Grants 2009-10, the Ministry in the Action Taken Note had stated that the weight of the BPJ is incremental from less than 4 Kgs to a maximum of 11.5 Kgs based on level of threat. To substantiate the point of view of the Ministry, the Committee have been informed in the Action Taken Note that the soldier is not required to wear the BPJ at its maximum weight under low threat levels. Even when the proposals have been approved by DAC, the Ministry is confronting with RFP issues. Initial RFP was retracted way back on 9th December 2011 due to some problem and till date fresh RFP has not been issued. The Committee express unhappiness over the way the procurement of such an important life saving items required for forces is being delayed.

Recommendation (Para No. 27)

The Committee deplore the way the Ministry has dealt with the issue of weight of BPJs whereby it has been stated that the soldier is not required to wear the BPJs at its maximum weight under low threat levels. The Committee strongly recommend that at least now the initiatives should be taken to fast track the purchase of BPJs. Besides it should be ensured that the BPJs are of low weight and of world class quality.

Reply of the Government on Para Nos. 26 and 27

RFP for procurement of Bullet Proof Jackets is under preparation and is likely to be issued shortly. GSQRs have been amended to provide the best Bullet Proof Jackets available to soldiers of the Indian Army.

(Please *see* para No. 34 of Chapter-I of the Report)

Recommendation (Para No. 32)

The Committee observe that the service personnel retiring at younger age are a great asset to the country. There is an urgent need to use the services of these trained workforce by deploying them in Central Para Military Forces (CPMFs) and other Central Police Organizations (CPOs) in line with the recommendations made by the various Pay

Commissions as consistently been recommended by the Standing Committee. Besides, providing re-employment to the service personnel, the Lateral Induction Programme would curtail the training bill of the Central and State Governments for deploying of the new recruits which need extensive training. Moreover, pension bill of the Union Government can also be curtailed. The Committee fail to understand the delay in taking decision with regard to lateral induction of ESM in (CPMFs), (CPOs) and State Police Forces in the line of the aforesaid observations. The Committee strongly recommend that the early decision in this regard should be taken. Besides, the Joint Recruitment Board comprising representatives of CPOs and Defence Forces Headquarters that would jointly select officers/men who would render 7 years services in Defence Forces to be followed by lateral shift to CPOs would also be constituted expeditiously to address the issue of lateral induction.

Reply of the Government on Para No. 32

Lateral induction of serving personnel into Central Armed Police Forces (CAPFs) was a key recommendation of the Kargil Review

Committee, GoM on Reviewing National Security System and the 5th & 6th Central Pay Commissions. In the wake of the GoM Report on 'Reforming the National Security System' wherein considerable emphasis was laid on keeping a young profile of the Army in peak combat effective state capable of meeting the challenges of future conflict, a Working Group under the Chairmanship of the then Adjutant General, Army Hqrs with Joint Secretary (Police), Ministry of Home Affairs (MHA), Representatives of Central Armed Police Forces (CAPFs) and National Security Council Secretariat as Members, was constituted to work out the modalities for reducing the colour service and laterally transfer Army personnel to CAPFs.

The Working Group submitted its Report in March, 2002. The Report envisaged lateral transfer of army personnel into CAPFs after 7 years of colour service in the Army. The Report of the Working Group was not signed by the representatives of the MHA as the proposed lateral transfer was not acceptable to them.

A meeting was taken by the Home Secretary on 2nd November, 2006. As per the decision taken in the meeting, a Committee under the Chairmanship of Director General, Border Security Force was constituted to work out the modalities for such transfer.

MHA submitted the report of DG BSF to the Cabinet Secretariat in February, 2011 with a copy endorsed to this Ministry. The recommendations in the Report were in respect of re-employment of ex-servicemen and no recommendation was made for lateral transfer of armed forces personnel in CAPFs.

After submission of Report of DG BSF as stated above, a meeting was held in Cabinet Secretariat on 29.11.2011, which was attended by representatives MHA/CAPFs, DoP&T and Deptt. of Expenditure besides MoD/AHQ. Cabinet Sectt. have desired that MHA and MoD may explore and examine options for achieving lateral transfers from the Army to CAPFs whereby Army personnel are incentivized to join and the interests of resident CAPFs are protected. This is being examined in consultation with MHA and Army HQ.

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

Recommendation (Para No. 33)

The Committee find that the turnover of CSD has grown to over 4500 times in the recent years and it is serving more than 16 million

people with 34 Area Depots and 4500 Unit-Run-Canteens (URCs), the CSD serves the services in all the parts of the country-from Ladakh in the North, Tamil Nadu and Kerala in the South, Nagaland in the East, Rajasthan in the West and even Port Blair. CSD caters not just to the services personnel and their families but also to GREF, NCC Units at Group HQ level, TA units, CDA's staff, Ordnance factories, Embarkation HQs, Civilians paid from Defence estimates and Para-military forces under operational/administrative control of the Army.

Reply of the Government

Observations of the committee have been noted.

(Please *see* para No. 45 of Chapter-I of the Report)

Recommendation (Para No. 34)

The Committee appreciates the work done by CSD to the service personnel and to the employees of other related services. The Committee, after taking into the views of the Ex-Servicemen who reside in far flung and difficult areas, desire that mobile canteen facilities which was available to them should be re-instated. The Committee desire that keeping in view the advent of new technology and internet, on-line canteen facilities to Ex-Servicemen should be started at the earliest and modalities in this regard should be finalised before presentation of next year's Demands for Grants.

Recommendation (Para No. 35)

The Committee also recommended that Credit Card facilities on the line of Kisan Credit Card should also be started for Ex-Servicemen, who find difficult to carry cash to canteens.

Reply of the Government on Para Nos. 34 and 35

Due to automation of Unit Run Canteens (URCs) by introduction of Canteen Inventory Management Software (CIMS) and Smart Card, operation of Mobile canteen facilities has become perilous and also uneconomical, and therefore, this facility has been restricted.

Online Canteen facilities and credit card transactions on the lines of Kisan Credit Card form part of the overall futuristic concepts being

considered with respect to Canteen Stores Department. Credit card facilities are available in many URCs in major cities/towns.

Complete information on CSD including items available/being introduced at various depots is available on the CSD website.

(Please *see* para No. 45 of Chapter-I of the Report)

Recommendation (Para No. 36)

The Committee find that the allocations made to Air Force during each year of the Eleventh Plan and for the year 2012-13 are lesser than the projections both under the Revenue and the Capital Head. Under the Revenue Head during the year 2012-13 the allocations have been made for Rs. 17705.81 crore against the projections of Rs. 19887.73 crore. Similarly, under the Capital Head Rs. 30514.45 crore have been allocated against the projections of Rs. 36950.52 crore. The analysis of the data furnished by the Ministry further indicates that the allocations to Air Force for Capital Modernization Budget are quite lesser to the projections made. Out of the total projections of Rs. 34165 crore, Rs. 28533 crore have been allocated as per the actual allocation made by the Ministry of Finance. What is more disturbing is the fact that out of Capital Modernization Budget 2012-13 to the tune of Rs. 28533 crore, Rs. 26433 crore have been allocated for the committed liabilities thus leaving only Rs. 2100 crore *i.e.* lesser than 10% of the total capital outlay. The Committee understand that various acquisitions related to capital modernization of Air Force are in pipeline, the details of which have been given in the later part of the Report. Moreover, there are gaps between the required and the existing Air Force fleet. The obsolescence of the Air Force fleet including the trainer aircraft is another area of concern.

Reply of the Government

Efforts have been made by the Ministry to meet the requirements of the Services within the overall allocation provided by the Ministry of Finance. Notwithstanding the same, the requirement of the Air Force for additional funds shall be reviewed based on the progress of new and on-going schemes. Additional requirement of funds shall be projected to the Ministry of Finance as and when the need arises.

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

Recommendation (Para No. 37)

The Committee may further like to highlight that Air Force has acknowledged during the course of deliberations that shortfall in revenue allocation would eventually compromise operational preparedness since legacy system require more maintenance. With regard to shortfall under the capital budget, the Committee have been informed that it would slow down modernization, delay in induction of important equipments and resultant asymmetry in capability with respect to threat perception. The Committee strongly emphasise that the country cannot afford further delays in the proposed acquisitions keeping in view the urgency of the matter. The Committee as such strongly recommend that the adequate outlay as per the requirement of Air Force under both Capital and the Revenue Heads should be made available to Air Force. The additional requirements may be made available during the course of Revised Estimates stage as well as through supplementary grants.

Reply of the Government

As submitted under para 36, efforts to secure adequate funds from the Ministry of Finance to ensure desired level of preparedness by the Air Force, shall be made by the Ministry, if warranted by the pace of utilisation of funds and progress of new schemes during the year.

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

Recommendation (Para No. 47)

The Committee have been apprised that out of 52 air operational fields, 10 air fields do not have static electrical Air Field Lightning System (AFLS). During the course of deliberations of Demands for Grants of the previous year, the Committee had been apprised that out of 52 operational bases, 8 air field bases do not have electrical field lightning and regular night operations are not undertaken from these places. The Committee fail to understand how the number of air fields not having electrical Air Field Lightning system can increase from 8 to 10. The Ministry should furnish the clarification in this regard. Besides, urgent initiative should be taken to ensure the electrical Air Field Lightning System in the remaining air fields so that regular night operations can be undertaken from all the existing air fields.

Reply of the Government

In addition to the eight airfields without airfield lighting system (since the last reply given), Air Force Station, Phalodi got operationalised during 2010 which does not have airfield lighting system. Further, during the Tsunami in 2004, Airfield lighting system got washed away at Car Nicobar. Case is now being processed for re-installation of electrical airfield lighting system at Car Nicobar through an alternate vendor. Installation of Airfield Lighting System (AFLS) at all airfields is being undertaken under the Modernization of Airfield Infrastructure (MAFI) Project.

Recommendation (Para No. 48)

The Committee observe from the data furnished by the Ministry that Navy including Joint Staff is being allocated outlay both under Revenue and Capital segments lesser than projections during each of the year of Eleventh Plan. During the year 2012-13, Rs. 12548.02 crore under Revenue segment have been allocated against the projections of Rs. 15836.71 crore. Under the Capital segment too, Navy including Joint Staff has been allocated lesser than the projections. During the year 2012-13, Rs. 24766.42 crore have been allocated under the Capital head against the projections of Rs. 28643.19 crore. As in the case of Army and Air Force, substantial part of the allocations has been allocated to committed liabilities thereby leaving marginal allocation for the new schemes. As per the actual allocation of funds by the Ministry of Finance for Capital Modernization Budget 2012-13, Navy has been allocated just Rs. 720.82 crore out of the total allocation of Rs. 23252.71 crore. The information furnished by the Ministry reveal that likely major inductions of Navy during the year 2012-13 are Aircraft Carrier, Frigates, offshore patrol vessel and survey catamarans. The Committee fail to understand how Navy would meet the outlay required for the new acquisitions with less than 5 per cent of the total allocations. The Committee as such strongly recommend that the adequate outlay of Navy should be made available so that the new acquisitions as well as the proposed acquisitions do not suffer for want of resources.

Reply of the Government

Within the overall allocation provided by the Ministry of Finance, priority has been given to providing adequate funds to meet the committed liabilities. However, based on the utilisation of funds and the progress

of schemes, both new and on-going, additional funds shall be sought from the Ministry of Finance as required.

(Please *see* para No. 72 of Chapter-I of the Report)

Recommendation (Para No. 55)

With regard to Kaveri engine the Committee has been informed that two important milestones of Kaveri project have been successfully achieved:— Completion of Official Altitude Testing (OAT) for 73 hours at Central Institute of Aviation Motors (CIAM), Russia. Flying Test Bed (FTB) trials for 55 hours with IL-76 aircraft conducted at Gromov Flight Research Institute (GFRI), Russia that it is planned to commercial flight trials for technology demonstration of Kaveri Engine with LCA Tejas Mk-I in 3 year time.

The Committee find that after almost 30 years of work of DRDO, the Tejas could be made operational. And now the Kaveri Engine is facing lot of difficulties. The Committee hopes that DRDO would take urgent initiatives to address the various difficulties being encountered and the Kaveri Engine would be put into operation. The Committee may also like to recommend that more initiatives with regard to R&D in strategic areas by DRDO need to be taken to make the country self-reliant under the core technologies required for our Defence projects.

Reply of the Government

Kaveri engine project was sanctioned in 1989 with an estimated cost of Rs. 383 crore and Probable Date of Completion (PDC) was 1996. Due to enhanced scope and demand of the situation, the cost was enhanced to Rs. 2839 crore. The expenditure incurred so far in Kaveri engine project is approx. Rs. 1950 crore against financial ceiling of Rs. 2105 crore. A proposal has been approved by Hon'ble Raksha Mantri for continuation of Kaveri engine project with extension of PDC by 48 months from the date of approval given by the Cabinet Committee on Security (CCS) with an additional cost of Rs. 595 crore. Thus the estimated cost would be Rs. 2700 crore (2105 crore present ceiling + 595 crore proposed enhanced cost). The proposal has been put up for approval of CCS.

DRDO has already taken initiative to address and resolve various technical and technological difficulties. LCA, Tejas, requires 90kN thrust class engine to meet its operational requirement, whereas, Kaveri engine

does not fully meet this requirement. Therefore, it has been decided to use variants of Kaveri engine to power unmanned Air Vehicle and also for marine applications.

Since the thrust requirement of LCA has been enhanced to 90kN, Kaveri engine will be utilized only for “Technology Demonstration” in LCA, Tejas Mk-I with spin off benefits.

(Please *see* para No. 77 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. 14)

The Committee further note that some of the retired defence officers work with the private sector and act as a middleman for the defence procurement. The Committee understands that the prescribed period as per service conditions forbidding Armed Forces officers joining Private Sector was earlier two years which has now been reduced to one year. The Committee are of the strong view that the aforesaid period need to be increased to five years for the officers of the rank of Brigadier and above, and their equivalents which would certainly help in addressing the issue of blacklisting of technologies. The urgent initiatives in this regard should be taken by the Ministry and the Committee informed accordingly.

Reply of the Government

As far as the recommendation No. 14 of the 15th Report of Standing Committee on Defence is concerned it is stated that the matter is under examination in consultation with all concerned.

Recommendation (Para No. 50)

The Committee understand that the long awaited Aircraft Carrier, Gorshkov is scheduled to be induced in Indian Navy by December, 2012. The revised cost of Vikramaditya, after re-negotiations, is 2330 MUSD which includes costs towards Refit and Modernisation of the Ship, Logistic Support for ten years, Training of Ship's crew and yard personnel, infrastructure, Service to Indian Specialists, trials and Documentation. The Committee hope that the Navy would at last get the Gorshkov Aircraft Carrier during the targeted year *i.e.* 2012-13 after extended deadlines resulting into huge cost overruns. The commissioning of Gorshkov would address on of the major area to some extent *i.e.* Aircraft Carrier for the country.

Reply of the Government

INS Vikramaditya is scheduled to be delivered to Indian Navy in December, 2012, subject to pending trials being completed.

(Please *see* para No. 72 of Chapter-I of the Report)

Recommendation (Para No. 57)

The Committee find from the information made available by the Ministry that meager allocations are being made to R&D by the Ordnance Factories. During the year 2010-11, only Rs. 35.95 crore was allocated for R&D. The Committee strongly recommend that more emphasis need to be given to R&D by Ordnance Factories so as to ensure indigenization of the products manufactured by the Ordnance Factories as per the Service requirement.

Reply of the Government

The information is being collected and will be made available later.

NEW DELHI;
23 April, 2013
03 Vaisakha, 1935 (Saka)

RAJ BABBAR,
Chairman,
Standing Committee on Defence.

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING
COMMITTEE ON DEFENCE (2012-13)

The Committee sat on Wednesday, the 17th April, 2013 from 1500 hrs. to 1530 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Raj Babbar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Kamal Kishor 'Commando'
3. Shri R. Dhruvanarayana
4. Shri P. Karunakaran
5. Shri Mithilesh Kumar
6. Shri Saugata Roy
7. Shri C.R. Patil
8. Smt. Mala Rajya Laxmi Shah
9. Shri Mahabali Singh
10. Shri Uday Singh

Rajya Sabha

11. Shri Naresh Gujral
12. Shri Mukut Mithi
13. Dr. E.M. Sudarsana Natchiappan
14. Shri C.M. Ramesh
15. Shri T.K. Rangarajan

SECRETARIAT

1. Dr. R.K. Chadha — *Additional Secretary*
 2. Shri R.K. Jain — *Joint Secretary*
 3. Shri D.S. Malha — *Director*
 4. Shri Sanjeev Sharma — *Additional Director*
2. *** *** *** *** ***
3. *** *** *** *** ***

4. The Committee then took up the draft Report on 'The Action Taken by the Government on the recommendations/observations contained in the Fifteenth Report (Fifteenth Lok Sabha) on Demands for Grants (2012-2013)' for consideration and adoption. The Committee adopted the report without any modification.

5. *** *** *** *** ***

6. The Committee then authorized the Chairman to finalise the above Draft Report in the light of the factual verifications and security vetting of the report as received from the Ministry and present both the reports to the House on a date convenient to him.

The Committee then adjourned.

*** Not related with the matter.

ANNEXURE II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS/OBSERVATIONS CONTAINED IN
THE FIFTEENTH REPORT (FIFTEENTH LOK SABHA)
ON 'DEMANDS FOR GRANTS (2012-2013)'

(i) Total number of recommendations: 59

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

Para Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 30, 31, 38, 39, 40, 41, 42, 43, 44, 45, 46, 49, 51, 52, 53, 54, 56, 58, 59

Total : 42
Percentage : 71

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

Para No. Nil

Total : Nil
Percentage : 0%

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

Para Nos. 6, 12, 25, 26, 27, 32, 33, 34, 35, 36, 37, 47, 48, 55

Total : 14
Percentage : 24

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

Para Nos. 14, 50, 57

Total : 03
Percentage : 05

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The Souvenir Items with logo of Parliament are also available at Sales Counter, Reception, Parliament House, New Delhi. The Souvenir items with Parliament Museum logo are available for sale at Souvenir Shop (Tel. No. 23035323), Parliament Museum, Parliament Library Building, New Delhi. List of these items are available on the website mentioned above.”
