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**STANDING COMMITTEE ON
DEFENCE
(2010-2011)**

FIFTEENTH LOK SABHA

MINISTRY OF DEFENCE

*[Action Taken by the Government on the Recommendations/Observations contained
in the Sixth Report (Fifteenth Lok Sabha) on Demands for Grants of the
Ministry of Defence for the Year 2010-2011]*

NINTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2010/Agrahayana, 1932 (Saka)

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(2010-2011)

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contained in the Sixth Report (Fifteenth Lok Sabha) on Demands for
Grants of the Ministry of Defence for the Year 2010-2011]*

*Presented to Lok Sabha on 10.12.2010
Laid in Rajya Sabha on 10.12.2010*



LOK SABHA SECRETARIAT
NEW DELHI

December, 2010/Agrahayana, 1932 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE
(2010-2011)

Shri Satpal Maharaj — *Chairman*

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3. Shri Kamal Kishor 'Commando'
4. Shri H.D. Devegowda
5. Shri Varun Gandhi
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SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Smt. Jyochnamayi Sinha — *Deputy Secretary*

INTRODUCTION

I, the Chairman of the Standing Committee on Defence (2010-2011), having been authorised by the Committee to submit the report on their behalf, present this Ninth Report on 'Action Taken by the Government on the recommendations/observations contained in the Sixth Report (Fifteenth Lok Sabha) on Demands for Grants (2010-2011)' relating to the Ministry of Defence.

2. The Sixth Report was presented to the Lok Sabha on 15 April, 2010 and laid on the Table of Rajya Sabha on the same day. The Ministry furnished their Action Taken Notes on all the Recommendations/Observations contained in the Sixth Report on 27 September, 2010.

3. The Report was considered and adopted by the Committee at their sitting held on 6 December, 2010.

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 Government on the Recommendations/Observations contained in the Ninth Report (Fifteenth Lok Sabha) of the Committee is given at Annexure-II.

NEW DELHI;
9 December, 2010

18 Agrahayana, 1932 (Saka)

SATPAL MAHARAJ,
Chairman,
Standing Committee on Defence.

CHAPTER I

REPORT

This Report of the Standing Committee on Defence deals with action taken by the Government on the recommendations/observations contained in their Sixth Report on 'Demands for Grants 2010-2011', which was presented to Lok Sabha and laid in Rajya Sabha on 15.04.2010.

2. The Committee's Sixth Report contained observations/recommendations on the following aspects:—

Para No.	Subject
(1)	(2)
1 and 2	Analysis of the overall allocation of the Ministry of Defence for the year 2010-11 <i>vis-a-vis</i> performance of the Ministry during the year 2009-10 in the context of Demands for Grants
3 to 5	Revenue Budget
6 to 8	Defence Procurement Policy (DPP)
9	Indigenisation in Defence Production
10	Married Accommodation Project
11	Outcome Budget
12	Early Finalization of Long Term Integrated Perspective Plan (LTIPP) and Eleventh Plan
13	Zero Based Budgeting
14	One Rank One Pension
15	Sukna Land Scam
16 and 17	Security of the Defence Network
18 and 19	Budgetary Allocation for Army
20 and 21	Shortage of Officers in Army
22	Recruitment Rallies for Jawans
23	Light Weight Bullet Proof Jackets and Shoes, Helmets etc. to Defence Personnel
24	Cash Support to Gallantry Awards Winners and their Families

(1)	(2)
25 to 27	Benefits to Ex-Servicemen, War Widows and Disabled Soldiers
28	Ordnance Factories
29	Border Roads Organization
30 and 31	Allocation of Funds to Indian Air Force
32	Shortage of Officers in Indian Air Force
33	Light Combat Aircraft (LCA)
34 and 35	Accidents of Aircraft in Air Force
36	Modernization of Airfield Infrastructure (MAFI)
37	Replacement of Obsolete Radars
38 and 39	Allocation of Funds to DRDO
40	Rama Rao Committee Report
41 to 43	Analysis of Naval Budget
44	Manpower Shortage in Navy
45	Modernization of Indian Navy
46	Hindustan Shipyard Limited
47	Joint Staff
48	Modernization of Coast Guard Organization
49	Coastal Surveillance

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 categorized as follows:—

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

Para Nos. 7, 8, 9, 16, 17, 18, 19, 21, 23, 24, 26, 32, 40, 41, 42, 43, 45, 47, 48 and 49

(20 Recommendations)

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

Para Nos. 13, 27, 33, 35 and 46

(05 Recommendations)

- (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. 4, 10, 11, 14, 15, 20, 22, 28, 29, 31, 34, 36, 37, 38, 39 and 44

(16 Recommendations)

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

Para Nos. 1, 2, 3, 5, 6, 12, 25 and 30

(08 Recommendations)

4. The Committee desire that the Ministry's response to their comments made in Chapter-I and final replies to the recommendations mentioned in Chapter-V 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.

5. The Committee will now deal with the action taken by the Government on some of their recommendations in the succeeding paragraphs.

A. Curbing of wasteful Expenditure

Recommendation (Paragraph No. 4)

6. The Committee had recommended as under:—

“The Committee were informed that the examination of the Comprehensive Report of Defence Expenditure Review Committee, to curb wasteful expenditure is still going on in the Ministry of Defence. As the recommendations of the said Committee will have far reaching implications and will definitely reform various policies of the Ministry to bring economy in its expenditure, the Committee once again recommend to complete the task urgently under intimation to them.”

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

“Examination and implementation of the recommendations, considered acceptable and implementable, has been entrusted to officers of the level of Joint Secretary in the Ministry of Defence

and Defence Finance. This exercise is time consuming as it involves consultation with the Services and other Departments. However, wherever, considered feasible, action has already been initiated on the basis of the recommendations of the Committee."

8. The Committee are perturbed to note that despite their continuous pursuance, the process of examination and implementation of the recommendations of the Defence Expenditure Review Committee Report relating to curbing of wasteful expenditure is still underway. The Committee have been informed that the task of examination and implementation of the recommendations considered acceptable and implementable has now been entrusted to officers of the level of Joint Secretary in the Ministry of Defence and Defence Finance. Wherever feasible action has already been initiated. The Committee would like to be apprised of the recommendations accepted and implemented so far as well as their impact. The Committee observe that considerable time has already lapsed since the report in this regard was made. As such the argument of the Ministry that the exercise is time consuming is not acceptable. While expressing concern over the delay in implementation of the recommendations in this regard, the Committee again emphasize to complete the task within the stipulated time frame.

B. Married Accommodation Project

Recommendation (Paragraph No. 10)

9. The Committee had recommended as under:—

"The Committee note that Married Accommodation Project (MAP) has been launched to meet the deficiencies of married accommodation that is to the tune of 28,099 dwelling units as on 2001. The aforesaid project would be undertaken in four phases. The Committee in their 30th Report on Married Accommodation in Defence and Allied services had observed that there was considerable delay in execution of Phase-I which would be followed by the subsequent phase. The Committee find that due to the shortage of married accommodation, the Defence personnel have to stay away from their families for a long period of time. In view of this, the Committee again emphasize that all the Phases of the Married Accommodation Project should be completed within a stipulated time frame so that the Defence personnel including those staying in the difficult areas like Jammu and Kashmir and Northern Eastern Areas can stay with their families."

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

“The Married Accommodation Project (MAP) undertaken by MoD envisages construction of 1,98,881 Dwelling Units (DUs) for the three Services in four Phases at an estimated cost of Rs. 17,357.97 crore. As per the approval of Cabinet Committee on Security, the period of Phase-I of the project was from 2002-03 to 2005-06. It may however be mentioned that the organization of Director General, MAP, was sanctioned in May 2002 with the responsibility of project implementation. MAP envisaged construction activity of huge proportions spread all over the country. This was a new concept for the armed forces. Hence, the initial start of the project was delayed. However, after the initial gestation period, there has been significant progress.

A total of 46385 DUs have been completed so far. Construction of the dwelling Units has been delayed due to land transition, land litigation and cancellation of contract cases. Probable Date of Completion (PDC) for Phase-II is 31st March, 2012. With all systems in place and experience of Phase-I, it is expected that work of Phase-II will be completed in time.”

11. Keeping in view the plight of Defence Personnel and their family members, due to shortage of Married Accommodation, the Committee in their various reports have been recommending to complete all the phases of Married Accommodation Project within a stipulated time frame. The Committee are distressed to note that even then against the target of 1,98,881 Dwelling Units (DUs) for the three Services in four phases, the Ministry could complete 46385 DUs during phase-I which works out to 23.32% only. While deploring the tardy pace of work, the Committee strongly feel that the basic needs of housing for the Armed Forces Personnel are not going to be fulfilled. The Committee, therefore, would like to reiterate their earlier recommendation to take all out efforts to complete the task without any further delay.

C. Outcome Budget

Recommendation (Paragraph No. 11)

12. The Committee had recommended as under:—

“The Committee in their 29th and 35th reports (Fourteenth Lok Sabha) had recommended that the Ministry should identify the areas and organizations for which the Outcome Budget could be

prepared and present the same to Parliament at least from the year 2009-10. However, Outcome Budget was not presented for the year 2009-10. The Committee were expecting that at least the Ministry would now prepare Outcome Budget for the year 2010-11. However, the Committee are again disappointed to note that the same has not been done by the Ministry. The Ministry has now stated that orders have been issued on 18.2.2010 to renew the efforts by getting Outcome Budget prepared in respect of National Cadet Corps (NCC) and the Married Accommodation Project (MAP). The Committee feel that some of the other areas like ordnance factories, PSUs, Naval Dockyards and depots and some other selected establishments should be identified and the Outcome Budget 2011-12, presented to Parliament for the year on a pilot basis followed by the comprehensive Outcome Budget in the coming years."

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

"It has been decided to attempt Outcome Budget in respect of Naval Dockyards also. However, the Ministry of Defence is of the view that it may not be appropriate to place the Outcome Budgets in the public domain or present them to the Parliament till sufficient experience is gained to ensure that quality and contents of the Outcome Budgets have reached an acceptable level of excellence."

14. The Committee find that pursuant to their recommendation, the Ministry has agreed to attempt Outcome Budget in respect of Naval Dockyards besides National Cadet Corps(NCC) and the Married Accommodation Project (MAP) as communicated during the course of examination of Demands for Grants. The Committee are, however, distressed to find that the Ministry is not inclined to place the Outcome Budget in the public domain and present to Parliament till sufficient experience is gained to ensure that quality and contents of the Outcome Budget have reached an acceptable level of excellence. The Committee observe that Outcome Budget of various Ministries/Departments of the Union Government are being prepared and laid on the table of the House as per the instructions of the Ministry of Finance/Planning Commission. As such preparation of Outcome Budget by the Ministry of Defence is not a new thing. Moreover, the Committee fail to understand how the experience would be gained by the Ministry without placing it in public domain and presenting to Parliament. Document is placed in the public domain as soon as it is presented to Parliament and the excellence can only be achieved through public scrutiny and their suggestions. The Committee, therefore, while

reiterating their earlier recommendation would like the Ministry to start the practice of presenting the Outcome Budget at least of the selected items from the year 2011-2012 onwards.

D. One Rank One Pension

Recommendation (Paragraph No. 14)

15. The Committee had recommended as under:—

“The Committee find that ex-servicemen are demanding One Rank One Pension which implies that uniform pension be paid to the Armed Forces personnel retiring in the same rank with the same length of service irrespective of their date of retirement and any future enhancement in the rates of pension to be automatically passed on to the past pensioners. In this context, a Committee headed by Cabinet Secretary was constituted which submitted its report on 30 June, 2009. On the issue of One Rank One Pension, the Ministry has stated that the Committee headed by Cabinet Secretary did not find it administratively feasible to recommend One Rank One Pension. The Ministry also elaborated that the concept of One Rank One Pension was not accepted by Fourth and Fifth Central Pay Commissions, inter-ministerial Committee, 2003 and GoM set up in January, 2005 due to administrative, financial and legal reasons. As stated by the Ministry, acceptance of the principle of One Rank One Pension has substantial implications estimated at Rs. 8000-9000 crore per annum. Not only that the Supreme Court on the issue of grant of ‘One Rank One Pension’ has also claimed that ‘OROP’ is not tenable. From the aforesaid position, the Committee conclude that One Rank One Pension has not been accepted by the Government. However, the pensionary benefits of ex-servicemen including disabled ex-servicemen have considerably been improved by implementation of seven recommendations of the Committee. While noting the aforesaid position the Committee urge that the Government should again consider the issue of one rank one pension in holistic manner so that large number of ex-serviceman can be benefited and also ensure that the various benefits provided to the ex-servicemen due to implementation of the recommendation of the Committee headed by the Cabinet Secretary along with the arrears if any, are paid expeditiously.”

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

“The Committee set up under the Chairmanship of Cabinet Secretary to look into the issue of One Rank One Pension and related issues

did not recommend its acceptance for various reasons. However, keeping in view the spirit of the demand, the Committee made several recommendations which have been accepted and Government orders to implement the recommendations have been issued on 30.10.2009, 19.1.2010, 20.1.2010 and 8.3.2010.

2. Various steps have been taken to ensure expeditious implementation of these orders: (i) A notice was published in prominent national and regional newspapers on 12.3.2010 intimating all concerned about the issue of Government orders in respect of the seven recommendations. (ii) The orders have also been placed on the website of Comptroller General of Defence Accounts. (iii) Ministry of Defence have been closely coordinating with Ministry of Finance to ensure expeditious revision of pension by the banks; Ministry of Finance have issued instructions to all concerned Chief Managing Directors/Chief Executive Officers of public and private sector banks to do the needful in a time-bound manner. (iv) This Department has also requested all Chief Secretaries to instruct District Collectors to regularly review the progress made in this regard at their level.

17. The Committee note that pursuant to their recommendation, a number of steps have been initiated by the Ministry to ensure expeditious implementation of several recommendations of the Committee set up under the Chairmanship of Cabinet Secretary which would result in improvement in pensionary benefits of ex-servicemen including disabled ex-servicemen. However, the Government is not inclined to reconsider the issue of One Rank One Pension as suggested by the Committee. The Committee again emphasize that even after implementation of the aforesaid several recommendations, the demand of One Rank One Pension still persists. As such, the Committee would like to reiterate their earlier recommendation to consider the issue of One Rank One Pension in holistic manner so that a large number of ex-servicemen are benefitted.

E. Sukna Land Scam

Recommendation (Paragraph No. 15)

18. The Committee had recommended as under:—

“The Committee find that recently a lot of controversies with regard to the use of Defence Land have been reported in the media

including the latest Sukna land scam which involved the matter regarding issue of No Objection Certificate by Army for setting up educational institution with residential facility in the land which belong to State Government of West Bengal. On the suggestion of the Committee to have a regulator for huge defence estates in the country which emerged during the deliberations the Ministry was of the view that the existing system was adequate and there was no need of a separate regulator. The Committee are of the strong view that land scams such as Sukna land scam affects the image of Army and the Defence services as a whole and as such it is utmost necessary that the country should have the fool proof system to regulate the Defence estates. In spite of internal mechanism to regulate the Defence estates such incidents are happening. As such the Committee recommend that their suggestion of having an independent regulator should be considered by the Ministry positively and the Committee apprised accordingly about the action taken in this regard."

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

"The management of defence land is governed by the provisions of Cantonments Act, 2006, Cantonment Land Administration Rules, 1937 and Acquisition, Custody and Relinquishment etc. of Military Lands in India Rules, 1944. Ministry has also issued instructions from time to time for better and effective management of Defence land. The existing framework mentioned above contains adequate provisions for management of Defence Lands".

20. The Committee disapprove the way the Ministry has tried to sidetrack one of their important recommendations for having an independent regulator for defence land. Even when various land scams such as, Sukna Land Scam and Adarsh Housing Scam are being reported, the Ministry consider the existing framework as adequate for management of defence land. The Committee strongly emphasize that reporting of such land scams affects the overall image of the armed forces and as such there is an urgent need to look into the issues related to management of defence land. As such, the Committee would like to reiterate their earlier recommendation to have an independent regulator in this regard. An urgent action should be taken and the Committee apprised accordingly.

F. Shortage of officers in Army

Recommendation (Paragraph No. 20)

21. The Committee had recommended as under:—

“The Committee have been apprised that the existing shortage of officers in Army is 11,456. Various steps to meet the shortage are being taken by the Ministry which include sustained image projection and publicity campaign, participation in career fairs and exhibitions, advertisements in print and electronic media, counseling and motivational talks in schools, colleges and NCC camps etc. The Committee feel that all these are steps in the right direction and need to be taken in a more effective way. Besides the Committee find that there is an urgent need to give more attention to the National Cadet Corps whose main objective is to groom the youth into disciplined and patriotic citizens. The Committee while debating the issue during the course of the deliberations had the feeling that the desired focus in this regard is not being given. The basic impediment being faced in this regard as elaborated by the representative of the Ministry is shortage of supervisory staff which primarily have to be provided by the three services. In this connection, the Committee recommend that the Ministry can think of having a pool of officers from Ex-servicemen. The retired officers of the three services, can be inducted into the aforesaid pool.”

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

“Besides awareness campaigns, participation in career fairs and exhibitions, advertisements in print and electronic media, motivational lectures in schools and colleges, continuous and sustained steps have been taken, aimed at reducing shortage of officers in the Armed Forces which include improving their service conditions, career progression, implementation of recommendations of VI Central Pay Commission with substantial improvements in pay and allowances, Married Accommodation Project (MAP) for augmenting housing facilities, liberalized provisions for grant of leave etc.

The National Cadet Corps as the largest uniformed youth organization is committed to groom NCC cadets to become disciplined and patriotic citizens of India. They constitute an important pool for intake of officers in the Armed Forces. While imparting training to these NCC cadets, special emphasis is also being given to motivate and assist NCC cadets to join the Armed

Forces as officers. Some of the measures in this direction are as under:—

- (a) Increase in number of NCC cadets vacancies at Officer Training Academy, Kamptee for Service Selection Board Courses.
- (b) Seven days Service Selection Board training to Associate NCC officers who in turn train NCC cadets during institutional training.
- (c) Conduct of Special Annual Training Camp at Directorate level and attachment with Army/Navy/Air Force for selected cadets.
- (d) Increase in Republic Day Banner competition points to Directorates for number of cadets joining Armed Forces Academies.
- (e) Incentives to Commanding Officers who ensure maximum enrolment in the Armed Forces.
- (f) Service Selection Board type obstacle course is being fabricated at HQ DG NCC camp to impart practical training for Service Selection Board.
- (g) Special coaching course at HQ DG NCC for selected cadets to appear for Service Selection Boards.

As regards Committee's recommendation to have a pool of officers of ex-servicemen from the three Services to make up the existing deficiency of officers, provisions already exist for re-employment of retired officers in Army and Navy.

23. The Committee take note of the various initiatives taken by the Ministry to make good the shortage of officers in armed forces. With regard to the suggestion of the Committee, to have a pool of officers of ex-servicemen to overcome the shortage of supervisory staff in NCC training, the Ministry has stated that provisions already exist for re-employment of retired officers in Army and Navy for the purpose. The Ministry's admission of shortage of supervisory staff during the course of oral evidence, indicates that the retired officers are not interested in joining the supervisory staff for NCC training. The Committee would like to be apprised about the reasons for the disinterest of retired officers of Army and Navy in this regard. The Committee would also like to be apprised the specific reasons for not making provisions for retired officers of Air Force and Coast Guard Organisation for re-employment in this regard.

G. Recruitment Rallies for Jawans

Recommendation (Paragraph No. 22)

24. The Committee had recommended as under:—

“The Committee note that the rallies for the purpose of recruitment of Jawans in the Armed Forces are being conducted in various places to meet the shortage of personnel in armed forces. In this connection, the expenditure with regard to tent, light refreshment etc. is being borne by the District Administration. Due to the financial burden, the district administration sometimes do not show interest because of the expenditure involved in this regard. As such, the Committee strongly recommend that all the expenditure involved in conducting recruitment rallies should be borne by the Ministry of Defence and allocation for the purpose should separately be earmarked in the outlay of the Ministry of Defence. The Committee also recommend that for such rallies, wide publicity should be given through mass media, wall posters and village panchayats of that area.”

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

“Open rallies for the purpose of recruitment of Jawans are generally carried out in Non Military Stations where the army has limited or no resources. Rallies are planned and conducted after having coordinated all details with State Civil Administration and the District Civil Authorities. Special emphasis is given to provision of infrastructure, security and administrative backup. The involvement of States in recruitment process is a must to ensure that they feel themselves as part of the recruiting process and contribute to the national cause. Considering the magnitude of the arrangement also, the task is not feasible without the active involvement and support of the Local Administration. Expenditure involved is not much but the effect is tremendous both on the Civil Administration and the public.

After detailed coordination with civil authorities the publicity is carried out through both print and electronic media. Vigorous media campaign has been continuing to project the image of the Army. The Army has been making a concerted effort at publicity through a series of measures as under:—

- (i) Awareness campaign are regularly organized by the recruiting officials in various Colleges and Schools to attract the youth to opt for Army as a career;

- (ii) Recruiting/publicity stalls are also established alongwith air shows, tattoo programs, publicity material like handouts are also distributed free of cost at such rallies and in various schools;
- (iii) NCERT books from States of Haryana, Assam, Mizoram, Himachal Pradesh and Maharashtra are carrying advertisements about the Indian Army;
- (iv) Grass root publicity has been achieved by inserting all information about the Army in log books being circulated in all Schools and Colleges across the Country;
- (v) Information Parks have been opened in all Headquarters Recruiting Zones and Army Recruiting Offices displaying information pertaining to recruitment of Officers and Personnel Below Officer ranks;
- (vi) Adequate publicity is resorted to in the print media and TV from time to time. Various magazines carry detailed information about details to join the Army;
- (vii) Interactive Voice Response System (IVRS) are being installed with all Headquarter Recruiting Zones to enable candidates to seek information regarding various recruitment procedures and rallies;
- (viii) An interactive website (*joinindianarmy.nic.in*) has been redesigned;
- (ix) A non syllabus book on Army has been introduced in NCERT syllabus from class IX to XI this year *i.e.* 2010 session. From session 2011 a chapter in Social Studies book is planned to be included in class IX to XI;
- (x) Adequate publicity is ensured both through print and visual media just before the forms are required to be filled for various entries and also for Recruitment Rallies; and
- (xi) Motivational lectures are conducted in schools and colleges across the country by serving as well as retired officers on Army as a career."

26. The Ministry in the Action Taken Note has emphasized for the involvement of State Governments and local administration in arrangement of rallies organized for the purpose of recruitment of jawans in the armed forces. The Committee while making the earlier recommendation, had never the intention to not to involve the State Governments or local bodies in this regard. The Committee had

observed that due to financial burden, the district administration sometimes do not show interest because of the expenditure involved in this regard and as such, had recommended that the expenditure involved in conducting rallies, should be borne by the Ministry of Defence and allocation for the purpose should separately be earmarked in the outlay of Ministry of Defence. The Ministry has not taken the recommendation of the Committee in the right perspective and avoided the issue. Moreover, the Ministry itself has admitted that the expenditure in this regard is not more. As such, there are no reasons to put financial burden on the district administrations. As such the Committee would like the Ministry to reconsider their recommendation and provide specific allocation for the purpose in the outlay of the Ministry of Defence.

H. Support to Families of Gallantry Award Winners

Recommendation (Paragraph No. 24)

27. The Committee had recommended as under:—

“The Committee note that cash support being provided by the Government to the Gallantry Awards Winners and their families has not been revised since a long time and are getting only Rs. 1500 for Shaurya Chakra to the maximum of Rs. 3000 for Paramveer Chakra. Although these soldiers have fought wars with the enemies and laid down their lives solely to defend their motherland and never thought of any monetary consideration in lieu of their bravery, it is the duty of the nation to show its gratitude towards them by honouring them suitably. As the Government is looking into the matter to raise the amount of different gallantry awards, the Committee strongly recommend that there should be a decent increase in the monthly amount being given to these awardees”.

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

“A proposal for enhancement of monetary allowances attached to Gallantry Awards has been taken up.”

29. The Committee are happy to note that a proposal for enhancement of monetary allowances attached to Gallantry Awards has been taken up as Gallantry Award Winners and their families are getting only Rs. 1500 for Shaurya Chakra to the maximum of Rs. 3000 for Paramveer Chakra. The Committee desire that this matter should be decided by the Government on priority basis and the Committee may be apprised of the enhancement of monetary allowance to the different categories of personnel.

I. Border Roads Organization

Recommendation (Paragraph No. 29)

30. The Committee had recommended as under:—

“Committee has observed that the main hurdle in construction of Border roads is the forest clearance and wild life clearance as stated by the representative of the Ministry. To address the problem, at the level of Cabinet Secretary, periodic meetings are being taken and Sub-Committee has been formed in the Ministry under the chairmanship of Additional Secretary. Representatives of various Central and State level Departments concerned will also meet in 15 days. The Committee while appreciating the aforesaid mechanism would like to strongly recommend that all the desired allocation should be made for the border roads on a priority basis.

The Committee has emphasized that the Border Roads should be given top most priority on the issue of forest and wild life clearance and these clearances should be accorded in a time bound manner so that these roads are constructed expeditiously.”

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

- (1) Status of Forest/Wild Life clearance is enclosed as Appendix ‘A’ .
- (2) Status of Forest/Wild Life clearance as on April 10 is enclosed as Appendix ‘B’.
- (3) Actions taken by BRO is enclosed as Appendix ‘C’.

32. While analyzing the data with regard to the forest clearance as indicated in the action taken note, the Committee find that the position is not satisfactory. Out of 304 ICBR and Non ICBR cases (as on April, 2010) only 99 cases could get final clearance. The Committee have analyzed the various aspects related to forest and wild life clearances for the Border Roads in detail and made various recommendations in their 8th Report on ‘Construction of Roads in border areas of the country.’ The Committee hope that the Government would take the requisite action as suggested in the report. Here the Committee may like to emphasize that there is a need for fast track procedures as Border Roads are required for strategic reasons and the issue is of the security of the nation. As such all the initiatives should be taken so that the construction of Border Roads is not affected due to the procedural hurdles.

J. Adequate allocation to Air Force

Recommendation (Paragraph No. 31)

33. The Committee had recommended as under:—

“The examination of the data provided by the Ministry with regard to the financial performance during the first three years of Eleventh Plan indicates that there is under-spending during each of the year. Such under spending was Rs. 3427.79 crore during 2007-08, Rs. 855.90 crore during 2008-09. During the year 2009-10, if the financial performance is seen in the light of the expenditure position upto February, 2010, there was under spending to the tune of Rs. 6435.36 crore. The Committee have however been informed during the course of oral evidence that all the allocations provided during the year 2009-10 have been utilized. While recommending for adequate resources to Air Force, the Committee would also like to emphasize that the resources made available to Air Force should be effectively utilized so that the Ministry of Defence can present their case effectively to the Ministry of Finance for getting the adequate allocations. The Committee would also like to recommend that the position of expenditure met and under-spending of the outlay during a year, item-wise, should be indicated in all the Budget documents so as to have a clear position of the performance of various projects during a given year.”

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

“The observations of the Committee have been brought to the notice of the Ministry of Finance and the Air HQrs.

As regards the recommendation that the position of expenditure met and under-spending of the outlay during a year item-wise should be indicated in all the Budget documents so as to have a clear position of the performance of various projects during a given year, it is submitted that the Budget document for a particular year is printed some time in February every year for being presented to the Parliament. Since the document is printed before the close of the financial year, it is not possible to indicate the status of actual expenditure of the current year in the Budget document. However, the Budget document shows the status of actual expenditure of the preceding year, the BE and the RE for the current year and the BE for the ensuing year. These details are given in respect of each Minor Head in the Budget document.”

35. The main focus of the recommendation of the Committee was to address the under-utilization of financial resources allocated to Air Force. The Ministry of Defence has not replied to this aspect in the action taken reply. Not only that the Ministry has not bothered to indicate the status of utilization of outlay during the years 2009-2010 and 2010-2011. While expressing unhappiness over the way the Ministry has addressed to their recommendations, the Committee again emphasize to take all the initiatives so that the allocation made for Air Force is meaningfully utilized. The Committee should also be kept apprised of the status of expenditure in this regard.

K. Accidents of Aircraft in Air Force

Recommendation (Paragraph No. 34)

36. The Committee had recommended as under:—

“The Committee note with concern that as many as 74 accidents involving Indian Air Force aircraft have so far taken place. 41.89 per cent of accidents were due to technical defects and 44.59 per cent were due to human failure and 6.76 per cent due to bird hits. The Committee note that the various initiatives being taken by Air Force to reduce aircraft accidents include invigoration of Aviation Safety organization, streamlining of accidents/incident reporting procedure, analytical studies and quality audits of the aircraft fleets to identify vulnerable areas and institute remedial measures. From the data provided with regard to the reasons for accidents the Committee find that most of the accidents *i.e.* 44.59 per cent are due to human failure. In this regard, the Committee find that proper training of the pilots can play an important role. The Committee’s examination has revealed that Air Force is facing problem in respect of trainer aircraft and Simulators. Due to some problems basic trainer aircraft *i.e.* HPT-32 has been grounded. The Committee have been informed during the course of deliberation that Air Force has adequate number of Kiran Simulators. The Committee’s examination has further revealed that Air Force is facing problem with regard to upgradation of Kiran Simulators. From the aforesaid scenario it is apparent that Indian Air Force is facing problems in respect of trainer aircraft and simulators. The Committee strongly recommend that all the steps should be taken to acquire/upgrade the trainer aircraft and simulators so that adequate training is provided to pilots which would definitely result in reduction of accidents due to human

failure. Besides adequate allocations should be provided for the proposed acquisitions/upgradations so that these projects do not suffer due to lack of resources”.

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

“The flying training in the IAF is structured in three stages (*i.e.* Basic stage, Intermediate stage and Advanced stage) during which the training is pitched in a manner to ensure complete and proper development of a trainee in each stage and produce a mature and a competent aviator. In place of grounded HPT-32 aircraft, IAF is utilizing Kiran Mk 1/1A aircraft for basic stage training. During intermediate stage training, trainees are introduced to more demanding exercises on specific aircraft of the respective streams (*i.e.* by Chetak helicopter and Dornier Aircraft DO-228 etc.). During advanced stage of training, trainees are exposed to the advanced exercises in each stream (*i.e.* by Kiran Mk-II/Hawk Mk-132 aircraft, Mi-8 helicopter, Avro and AN-32 aircraft.)

To upgrade Kiran Simulators, IAF have procured 9 Cockpit Procedure Trainers (CPT) and 9 Procedure Practice Platforms (PPP) for Kiran Mi I/II aircraft. All devices have been installed and are being utilized as an integral part of flying training at respective Field Training Establishments.

Acquisitions/upgradation of the trainer aircraft and simulators

In order to further enhance the quality of training, adequate simulators like Synthetic Training Equipments (STEs) and Computer Aided Learning Systems (CALS) for all modern state-of-the-art trainer aircraft with compatible mission planning/debriefing modules are also being inducted. Emphasis is being laid on proportionate training on the ground based simulators in all aspects and roles of flying. Simulators training is embedded in the training syllabus at all the training establishments. The various simulators (*i.e.* HPT-32 and Kiran Simulators, Hawk Simulators, IJT Simulators, Navigation Simulators and Transport Aircraft Simulators) are already being updated in the IAF to impart training in Flying Training Establishments and Ground Training Establishments.

Modernisation of Training centres and training equipment in the IAF is an ongoing process aimed at improving the quality of training being imparted at all the IAF training establishments. Efforts are regularly being made to upgrade the training systems in IAF so as to provide a contemporary training environment to the trainees and thoroughly prepare them for easy absorption into the operational environment of the IAF.”

38. The Committee's main concern in the recommendation was the increasing number of accidents due to human failure. As such, the Committee had emphasized to provide proper training to pilots. The Committee had also recommended that adequate allocation should be provided for the purpose of acquisition and upgradation of trainer aircrafts and simulators. The Ministry in the action taken reply has nowhere responded to the amount allocated for the said purpose. The Committee, therefore, desire the Ministry to furnish the information related to allocation made for this purpose and expenditure incurred thereof.

L. Modernization of Airfield Infrastructure (MAFI)

Recommendation (Paragraph No. 36)

39. The Committee had recommended as under:—

“The Committee note that the proposal of modernization of Airfield Infrastructure (MAFI) project Phase-I comprising thirty-one Indian Air force Airfields is to be concluded within three and a half years of signing of the contract. The proposal is presently at the stage of commercial discussion stage and currently progressing on schedule. The Committee further note that based on the experience gained during Phase- I implementation, the requirements in respect of Phase-II of balance (Indian Air force, Army, Navy, Coast Guard, etc.) Airfields will be consolidated and the modernization process will be initiated. The time required for completion of Phase-II will also be approximately three and a half years. As Air Force requires airfields from strategic point of view, the Committee emphasize that commercial negotiations for Phase-I and also of Phase-II projects be completed expeditiously within a fixed time frame. The Committee should be kept apprised of the progress made in this regard.”

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

“Modernization of Airfield Infrastructure (MAFI) Project aims to modernize navigational aids at all the airfields. 30 airfields are included in Phase-I and remaining airfields will be included in Phases-II of the MAFI Project. The Contract Negotiation Committee (CNC) for MAFI Phase-I has been completed. The case will now be progressed for obtaining the approval of the Cabinet Committee on Security (CCS).”

41. Keeping in view the strategic importance of airfields the Ministry had informed the Committee during the course of examination of DFG (2010-2011) that the requirements in respect of Phase-II of modernization of airfields would be consolidated and the modernization process initiated. However, in the action taken reply, the Ministry has submitted the progress with regard to Phase-I *i.e.* the Contract Negotiation Committee has been constituted and the case would now be progressed for obtaining the approval of Cabinet Committee on Security. The Ministry's reply is silent in regard to Phase-II of Modernization of airfields as assured by them. The Committee, therefore, desire the Ministry to respond to the above part of the recommendation and wish to stress upon for their expeditious completion.

M. Acquisition of Radars

Recommendation (Paragraph No. 37)

42. The Committee had recommended as under:—

“The Committee find that the proposal for replacement of radars was held up during 1996-97 and 1997-98 due to lack of budgetary support. However, it actively progressed thereafter and CCS approval was accorded on 15 January 2002. The existing radars were functional and used by the IAF with restrictions on flying activity during adverse weather conditions. From the information provided by the Ministry, the Committee find that IAF is maintaining 12 High Power Radars. Besides, the acquisitions for more radars are in pipeline. In addition, 8 radars are being developed by DRDO. The Committee strongly recommend that all the steps should be taken to ensure that there is no delay in acquisition of radars which are in pipeline and adequate allocation is ensured for the purpose.”

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

“During the Financial Year 1996-97, the funds available for modernization (Capital Schemes) was Rs. 3175 crores (RE). The actual expenditure was Rs. 3164 crores. During the Financial Year 1997-98, the funds available was Rs. 3972 crores while the actual expenditure was Rs. 3962 crores. While the funds were utilized for various modernization projects of the IAF, orders for two Medium Power Radars could not be placed. The Government is fully cognizant of the need to augment the air defence assets of the IAF. Towards this end, procurement of various systems and equipment

have been approved and are at various stages of induction. These include the Airborne Warning And Control System (AWACS) aircraft, Medium Power Radars, Low Level Transportable Radars, Low Level Light Weight Radars and Rohini Radars. In addition, the Defence Research and Development Organisation is developing different categories of radars to meet the air defence requirements of the IAF. On induction of these systems, the air defence requirement of the IAF will be fulfilled."

44. During examination of Demands for Grants 2010-2011, the Committee had found that the proposal for replacement of radars was held up due to lack of budgetary support. Therefore, they had recommended for expeditious replacement of radars. The Ministry has not addressed to the aforesaid issue raised in the recommendation. The Committee would like the Ministry to fix a time schedule for acquisition of radars as suggested and inform the committee accordingly.

N. Allocation of Funds to Defence Research and Development Organisation

Recommendation (Paragraph No. 38)

45. The Committee had recommended as under:—

"The allocation for Defence Research and Development Organization for the year 2010-11 is Rs. 9809.72 crore. *i.e.* 6.25% of the overall defence budget. From the allocation and expenditure trend, it is observed that since 2007-08, the utilization is less than the allocation. The percentage allocation to DRDO has been reduced from 6.74% to 6.25%. The aforesaid trend of declining percentage of allocation and under utilization of allotted amount is a matter of serious concern. The Committee also note that the Ministry has given priority to develop system to meet challenges of terrorism and low intensity conflicts and taken various steps to strengthen long gestation period of major projects, LCA, Kaveri Engines, Unmanned Combat Aerial Vehicles, Airborne Early Warning and Control System and Arjun Tanks. The Committee, therefore, strongly recommend that the Ministry should fully utilize the allocation as provided to them and seek additional amount at RE stage and complete the R&D programme in time to enhance the defence modernization.

The Committee during the course of deliberations have been informed that after the civil-nuclear deal, in some areas with regard to the export control in DRDO, there have been some improvement. But there are some laboratories like the missile laboratories which are affected by the export controls. The Committee have also been

informed that Government is having discussions with the advanced countries in this direction to make sure that the benefits of these deals are given across the board. Appreciating the efforts of the Ministry, the Committee desire them to pursue this matter of national importance expeditiously.”

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

Percentage of allocation to Deptt. of Defence R&D *w.r.t.* overall Defence Budget

(Rs. in crore)

Year	Defence Expenditure	Defence R&D Expenditure	% rise in Defence R&D Budget <i>w.r.t.</i> previous year	% of R&D Budget to the overall Defence Budget
2007-08	91680.00	6104.55	-	6.66
2008-09	114223.00	7694.55	26.05	6.74
2009-10 (RE)	136264.00	8514.81	10.66	6.25
2010-11 (BE)	147344.00	9808.72	15.20	6.66

Defence R&D Budget when compared to total Defence Budget indicate the decline in percentage because of overall quantum of increase in Defence Budget. However, Defence R&D Budget has increased in absolute terms. Ministry of Finance (MoF) and Ministry of Defence (MoD) has always allocated additional funds, when required by Deptt. of Defence R&D.

Utilization of Budget provisions in r/o Defence R&D

(Rs. in crore)

Year	Defence R&D (MA)	Defence R&D (Actuals)	%age Utilization	Funds lapsed to Government
2007-08	6256.81	6104.55	97.57	152.26
2008-09	7737.64	7694.55	99.44	43.09
2009-10	8514.81	8317.27 [upto Mar.' 2010 (Pre.)]	97.68	Under process of Compilation

All out efforts will be made to utilize the allocations in full and additional funds, if required, would be sought at later stage.”

47. In response to the recommendation of the Committee for full utilization of the allocation provided for Research and Development Programme and to seek additional amount at RE stage, the Ministry has stated that it has taken all out efforts to utilize the allocation and seek additional fund at a later stage. The Ministry has not addressed the part recommendation of the Committee whereby it was emphasized to pursue the matter regarding lifting of export control post civil-nuclear deal in some of DRDO Laboratories particularly the missile laboratories with the advanced countries. The Committee would like categorical response of the Ministry in this regard.

O. Rama Rao Committee Report

Recommendation (Paragraph No. 39)

48. The Committee had recommended as under:—

“The Committee note that the Ministry has completed the deliberations on the recommendations of Rama Rao Committee for restructuring of DRDO and the Report will be submitted to the Minister in this month for his considerations. The Committee expect the Ministry to complete the task at the earliest under intimation to them.”

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

“Independent Review Committee headed by Dr. P. Rama Rao had submitted its report to the Government on 5th March, 2008. The report was processed by the Committee headed by Defence Secretary to like into the responses and suggestions made by various stakeholders on the recommendations of Dr. P. Rama Rao Committee. The action on the implementation of the recommendations accepted by the Government is still under process which may take some more time. The Parliamentary Standing Committee on Defence would be informed after implementation is completed.”

50. The Ministry in the action taken note has apprised the Committee that the Report of Independent Review Committee headed by Dr. P. Rama Rao relating to restructuring of DRDO, has been examined by the Committee headed by the Defence Secretary and approved by Hon'ble Raksha Mantri on 12 May, 2010. The Ministry has further informed that the action on the implementation of the recommendations accepted, is still under process and need more time. The Committee are perturbed to note the stand of the Ministry that the Standing Committee on Defence would be informed about the

recommendations and the status of implementation only after the implementation is complete. The Committee observe that even when some of the recommendations made by Dr. P. Rama Rao Committee are being reported in media and even referred to by an expert during the course of deliberations of the Committee, the Ministry is not furnishing the information to the Parliamentary Standing Committee on one pretext or the other. The Committee disapprove the way, the Ministry has been addressing to the issue and would like them to furnish the details of the recommendations as well as the recommendations which have been accepted by the Government to implement (barring the classified matters) for the information of the Committee. Besides, the Committee emphasize to implement the recommendations of Dr. P. Rama Rao Committee within a stipulated time frame which would definitely result in the effective functioning of DRDO.

P. Modernization of Indian Navy

Recommendation (Paragraph No. 44)

51. The Committee had recommended as under:—

“The Committee note that maritime security includes the exclusive maritime zones admeasuring 2 million sq. km. area which is regularly kept under vigil by the Coastguard and Navy. For effective patrolling and keeping a vigil on such a large sea area, there is an urgent need to have adequate number of ships and aircrafts. In this connection, the Committee find that the emergency Committee of the Cabinet had accepted a force level of 138 ships for the Indian Navy in 1964. Even after the expiry of 46 years, the country is still to get 138 ships. The present strength of naval fleet is only 129. Further the Committee find that the Government had approved a 30 year long term submarine plan in 1999 which entails indigenous construction of 24 modern conventional submarines by 2030. The Six Scorpene Submarines which were earlier scheduled to be delivered to Navy from 2012 till 2017, one each in one year, has been delayed and first submarine will be commissioned only in 2015. The Ministry has acknowledged that induction of submarine has not kept pace with the de-induction schedule. In addition, the aircraft carrier Gorshkov which was due for induction in August, 2008 is not likely to be delivered by Russia in December, 2012. The aircraft modernization plan also includes MiG 29K, Long Range Maritime Reconnaissance Aircraft, Kamov 31, TU 142, IL 38 and Dornier. The aforesaid scenario of the force level in Navy indicates that there are huge delays in procurement of ships and aircrafts.

It is a matter of concern that the country could not achieve a force level that was accepted by Cabinet 46 years back in 1964. Since then a lot of challenges particularly in the field of naval security have emerged particularly in the aftermath of November 2008 terrorist attacks in Mumbai. The Committee strongly recommend that there is an urgent need to find out the reasons for delay in acquisitions and take adequate steps which include streamlining the acquisition process. Besides the Committee would also like to emphasize that the adequate outlay should be provided for the modernization plans of Indian Navy.”

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

“Delays sometimes occur in defence projects due to several reasons such as insufficient and limited vendor base, non conformity of their offers to the Request for Proposal (RFP) conditions, field trials, complexities in contract negotiations, limited indigenous capability and long lead time for indigenization etc. Further the market for state-of-the-art defence equipment and platforms being circumscribed by denial regimes, limited availability of required type of material, complexities in construction and manufacturing involving integration of large number of systems, assemblies and sub-assemblies also cause delays.

To counter systemic and institutional delays, procedures and process are continuously refined on the basis of experience gained during the implementation of projects. There are also contractual provisions for penalties against delays in project implementation.

The matters relating to time and cost overrun are examined at appropriate level. Provisions have been incorporated in the Defence Procurement Procedure for Review Committees and monitoring teams suitably empowered to ensure timely execution of projects at appropriate level.

In order to further streamline defence procurement procedures, action has since been initiated to review the DPP 2008 (Amendment 2009).

Adequate funds are provided for modernization plan of the Navy.

Further, keeping in mind the Mumbai terrorist attack, various new equipments are proposed to be procured and inducted in order to strengthen the Coastal Surveillance system. These include Radars, Automatic Identification Systems, associated displays and

networking equipment for the Coastal Radar, Fast Interceptor Crafts (FICs), Vessels and aircraft, setting up of Integrated Underwater Defence and Surveillance System at various naval harbours, Coastal Anti-Submarine Warfare ships and Long Range Acoustic Devices.”

53. The Committee find that although the Ministry has acknowledged that there is delay in acquisition of defence projects, specific reasons for delay in this regard have not been indicated in the action taken note. A general reply stating several common reasons like insufficient and limited vendor base, complexities in contract negotiation etc. has been furnished. The Committee found that there are huge gaps between the authorization level and present strength of Naval fleet which include submarines, ships, aircrafts, etc. The Committee emphasize to find out the reasons for delay on case to case basis and take the corrective action so as to ensure that acquisition are timely in place.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS, WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Paragraph No. 7)

The Committee during the course of deliberations have been apprised that the long delays in Defence acquisition systems occur due to several reasons such as limited vendor base, non conformity of the offers to the RFP conditions, field trials, complexity in contract negotiations, limited indigenous capability and long lead time for indigenization etc. The Ministry has apprised that there is a provision under DPP whereby RIF has to be issued for complex systems to find out the kind of vendors available in the country as well as internationally. The Committee find that the aforesaid system is not sufficient particularly in the areas where single vendor or few vendors are available. There is an urgent need to play a proactive role by the Ministry in this regard. The Ministry should evolve a structured mechanism for market research whereby a team of experts can be appointed for the purpose. Such a system would definitely solve the problem of the single vendor/few vendors in the specific technology and would help to contain the long delays in acquisitions.

Reply of the Government

Structured mechanism has been introduced in Para 14 Chapter-1 of DPP 2008 (Amendment 2009) wherein, it is mandatory to post Request for Information (RFI) on MoD website by Service HQ/and by corresponding with maximum manufacturers. Additional inputs are obtained from Defence Attaches, internet and defence journals/magazines/exhibitions and previously contracted cases in such category. The inputs so obtained should result in the form of a compliance table of Service Qualitative Requirement's *vis-à-vis* technical parameters of equipments available in the world market, in as much details as feasible. The Draft Service Qualitative Requirements (SQR) is circulated by the Service Headquarters to all concerned agencies and Directorates which will also be represented on the Staff Equipment Policy Committee (SEPC). Prior to according approval to the SQR, the Staff Equipment Policy Committee (SEPC) assesses that it would result in a multi vendor situation, if a single vendor situation is likely then the reasons for formulation of such

SQR is recorded. Such cases are debated in the Services Capital Acquisition Plan Categorization Higher Committee (SCAPCHC) meeting while seeking 'Acceptance of Necessity' (AoN) and approved by Defence Acquisition Council (DAC)/Defence Procurement Board (DPB).

Recommendation (Paragraph No. 8)

The Committee would also like to recommend that the urgent steps should be taken by the Ministry to ensure transparency and accountability in Defence acquisitions. The provisions in this regard should be contained in the DPP itself. The Committee urge that the action on the suggested line should be taken by the Ministry.

Reply of the Government

There are following provisions in the DPP to ensure transparency and accountability:—

- (i) Mandatory issue of Request for Information (RFI) in all procurement cases to provide advance information and to facilitate wide vendor base.
- (ii) Sharing of information with Indian Industry by bringing out a public version of perspective document outlining the technology perspective and capability road map covering a period of 15 years which would be widely publicized and made available on MoD website.
- (iii) Consultation/interactions with the representative of Industry Associations in pre-categorization meetings in all procurement cases. Vendors to be given advance information before the issue of Request For Proposal (RFP) in all procurement cases excepting those for security sensitive products. This information given on MoD Website would provide them a lead time for preparation of their offers in response to the RFP.
- (iv) All verbal communications with the vendors during the course of trials have to be confirmed in writing.
- (v) The result of technical/trial evaluations along with reason(s) for disqualification has also to be intimated to vendors after the acceptance of technical/staff evaluation reports.
- (vi) A trial methodology has to be given in the RFP for advance information of the vendors. Trials directive framed by the Services has to be issued in conformity with the trial methodology.

- (vii) A more broad based and multidisciplinary trial team is constituted for cases involve transfer of where equipment is being procured for more than one service or if it technology.
- (viii) Technical Oversight Committee has also been mandated to provide oversight on the adopted trial methodology during trials *vis-à-vis* trial methodology given in the RFP and the trial directives.
- (ix) Independent Monitors are appointed in consultation with the Central Vigilance Commission for inquiring any complaint received by the Buyer with regard to violation of the Integrity Pact. The report of the enquiry, if any, made by the Independent Monitors shall be submitted to the head of the Acquisition Wing of the Ministry of Defence, Government of India for appropriate decisions in the matter keeping in view the provision of the pact.
- (x) An integrity Pact needs to be signed between Ministry of Defence and the bidders for schemes exceeding Rs. 100 crore, irrespective of the value of the commercial bids submitted by bidders. In the subject RFP, the vendor is required to sign and submit pre-contract Integrity Pact (IP) and also deposit Earnest Money Deposit (EMD). This would be submitted in a separate envelop clearly marked as 'IP and EMD' at the time of submission of technical and commercial offers.

Recommendation (Paragraph No. 9)

The Committee note that during the year 2008-09 to buy capital goods from foreign sources, Army had spent Rs. 1832.25 crore, Navy, Rs. 4054.49 and Air Force Rs. 4270.24 crore. The total amount spent was Rs. 10,156.98 crore. The Committee in their earlier reports have repeatedly emphasized on the need for achieving self-reliance in Defence production by strengthening R&D in Defence sector. The Committee in this regard may like to highlight the recommendations of the 13th Finance Commission as given under:—

“We (the Thirteenth Finance Commission) are of the view that there exist considerable scope to improve the quality and efficiency of Defence expenditure through increased Private Sector engagement, import substitution and indigenization, improvements in procedures and practices and better projects management, within the parameters of Government of India's Policy. Efforts in this direction will further expand the fiscal space available for Defence spending.”

While appreciating the fact that there is an urgent need to use the capacity of Defence Public Sector Undertakings and Ordnance Factories optimally primarily for meeting the urgent operational procurements of the three services, the equipments from foreign countries. As such the Committee recommend that concerted action should be taken for the involvement of private sector in line with the recommendation of the 13th Finance Commission.

Reply of the Government

The recommendation of the Committee is noted.

It is stated that Government has taken several steps to involve private sector in Defence sector within the parameters of Government's policy. Apart from opening of Defence sector to 100% Private participation with FDI upto 26%, both subject to licensing, since May 2001, and introduction of offsets in our procurement procedures, introduction of "BUY and MAKE INDIAN" category of procurement last year is expected to lead to Joint Ventures between Indian companies and foreign companies with transfer of technology.

Recommendation (Paragraph No. 16)

The Committee during the course of deliberations have been apprised that the Government has constituted a Committee under the Cabinet Secretary to look into the matter relating to Cyber Security with regard to strategic data being maintained in computers by the Defence Services. The Committee have also been apprised that the Secretaries of various concerned Ministries including the Defence Ministry and Department of Information and Technology are members of this Committee. The Committee note that the aforesaid mechanism is a step in the right direction. Besides all the initiatives should be undertaken by involving various technical agencies like C-DoT and cyber experts in the country to ensure the fool proof security of the Defence data being maintained in computers and servers by the Defence Services.

Reply of the Government

The Government is aware of the likelihood of our vast information technology being subjected to Cyber Attacks and is ensuring adequate defensive measures. Crisis Management Plan is being prepared for dealing with any contingency in Cyber Space. Armed Forces have undertaken number of initiatives in the field of research, training, development of cyber tools, formulation of cyber doctrine and collaboration with cyber experts to enhance and ensure security of critical information

infrastructures and cyber networks. Armed Forces are collaborating with leading national agencies involved in security of networks and systems in the country. Coordination with agencies such as National Technical Research Organisation (NTRO), National Informatics Centre and Computer Emergency Response Team-India (CERT-IN), Centre for Development of Telematics (CDOT), Centre for Development of Advance Computing (CDAC) and other private industries is done to keep abreast with technology and activities undertaken by these agencies to ensure cyber security. Strict isolation of internal network from internet/any other network are ensured. Government regularly conduct Computer Security Audits to ascertain the Safety and Security of information. Stringent measures have been put in place to prevent loss of strategic data residing on the PCs and Servers. Strict directives are in place to ensure that no official/sensitive data documents are stored on Internet machines. Strategic data is not being stored on computers. Army Cyber Security Establishment (ACSE) has expertise to carry out regular as well as random checks to assess vulnerability of cyber assets and render requisite advice thereto. Government has already developed expertise, technologies and products in the field of encryption, traffic analysis, gateway solution, application level security etc.

Recommendation (Paragraph No. 17)

The Committee further find that security over the years is becoming a multi functional area of specialization which includes terrorism, information warfare in space and communication network etc. In view of this, all the desired initiatives should be taken by the Ministry to enhance the capabilities of the Armed Forces in dealing with unconventional conflict scenario which include *inter alia* asymmetric warfare, low intensity warfare, cyber warfare etc. through imparting proper training to the Armed Forces as well as by taking all other desired initiatives.

Reply of the Government

Joint Doctrines for Sub Conventional Operations and Information Warfare have already been promulgated. Training on Cyber Forensics, Lead Auditor and other niche areas of information security have been conducted to enhance the information security skills of the Defence forces. Computer security audit is regularly undertaken to check the data security not only in standalone machine, but also in machines connected with Internet. Security Office has been issuing security instructions from time to time for cyber security to the environment. A team of computer experts from all the Service Headquarters and Ministry of Defence has

also been constituted for conducting cyber audit of the computers in the offices located in Defence Headquarters security zone. An added impetus has been accorded for training of personnel to counter asymmetric threat and some of the products/technologies developed for Armed Forces is being customized for Low Intensity Conflict (LIC) operations. Cyber Warfare being a component of Information Warfare is being addressed in a holistic manner under the overall ambit of Information Warfare.

Recommendation (Paragraph No. 18)

Budgetary Allocation for Army

From the data furnished by the Ministry it is seen that Army HQs projected a demand of Rs. 61,322 crore for 2010-11 under Revenue head, while, it was allocated only Rs. 55,828 crore, which is Rs. 5,494 crore less than the amount demanded for. Even the amount allocated in the current BE is Rs. 1,424 crore less than the previous year BE (2009-10) of Rs. 57,252 crore. The Committee note that there is apparent gap between the projected and the allocated outlay under the revenue segment in certain important heads like ECHS, works, transportation and stores. In view of the aforesaid position, the Committee strongly recommend that the additional requirement of Rs. 7748 crore which includes 5494 crore under the Revenue head and Rs. 2254 crore under the Capital head should be provided so that the major activities under the Revenue head and the acquisitions under the Capital head are not affected due to shortage of resources.

Reply of the Government

The observation of the Committee has been brought to the notice of the Ministry of Finance.

Recommendation (Paragraph No. 19)

The Committee find from the data made available to them there was underspending to the tune of Rs. 2663.02 crore during the year 2008-09 under the Capital head. During the year 2009-10, the expenditure under the Capital head is Rs. 8855.67 crore out of the allocation of Rs. 17992.64 crore upto 28th Feb. 2010. While recommending for the outlay as projected by the Army, the Committee emphasize that all the initiatives should be taken to ensure that the resources made available under Capital head are effectively utilized to enable the Army to present their case for the enhanced allocations. The Committee should be kept apprised about the initiatives in this regard.

Reply of the Government

The observations of the Standing Committee have been communicated to the Army Headquarters. They have assured of vigorous monitoring of the pace of expenditure and timely reappropriation of funds to ensure utilization of the allocation under the Capital budget.

Recommendation (Paragraph No. 21)

The Committee would also like to emphasize that on the one hand, the Government needs the services of some of the officers of the three services which could not be spared due to already continuing shortage of these officers, on the other hand, it is also a fact that NCC training would definitely help the three Services in solving the problem of shortage of officers. In view of this, the Committee are of the firm view that there is an urgent need to enroll more schools and colleges both Government and private for NCC. The Committee would also like to recommend that the Ministry should undertake a survey to know the percentage of number of NCC students who have actually joined the three services. Besides, the impact of the implementation of the recommendations of the Sixth Pay Commission on recruitment of officers in Army should also be watched.

Reply of the Government

Presently, around 6100 Government and private institutions comprising 3800 schools and 2300 colleges are placed in the waiting list seeking NCC coverage. Government is working on a proposal for increase in authorized NCC cadet strength by 2 lakh cadets over a period of 5 years. During the last three years *viz.* 2007-09, a total of 423 cadets have joined the Armed Forces Academies for officers. Besides, a total of 5977 NCC Certificate holders have been recruited as Personnel Below Officer Rank (PBOR) in Army. The implementation of the recommendations of the Sixth Central Pay Commission with substantial improvements is expected to make the Services more attractive. A positive swing, in this regard, has been observed.

Recommendation (Paragraph No. 23)

Light Weight Bullet Proof Jackets and Shoes, Helmets etc to Defence Personnel.

The Committee in the First Report had strongly recommended to purchase the deficient quantity of the bullet proof jackets *i.e.* 1,86,138 units through fast track procedure. The Ministry in the action taken reply has stated that based on revised GSQR approval of the Defence Acquisition

Council (DAC) has been obtained in October 2009 for procurement of Quantity 3,53,765 BPJs and quantity 1,86,168 BPJs to be procured in the 11th Army Plan. Presently, vetting of Request for Proposal (RFP) is in progress. Same will be issued to Indian vendors shortly and the procurement is likely to fructify soon. The Committee again emphasize that while procuring bullet proof jackets, shoes and helmets for the soldier, it should be ensured that these are light weight and of international standard so that it does not affect that agility and mobility of soldier in war like situations as well as during counter insurgency operations, particularly in unfriendly terrains and mountainous region etc.

Reply of the Government

In the vetting of the GSQR of the bullet proof jackets and ballistic helmets; the Army HQs are keeping the advice of the Standing Committee on Defence in view to ensure that the soldier's equipment is of latest technology and international standard as per the operational/terrain requirements prevailing in the country.

Recommendation (Paragraph No. 24)

Support To Families Of Gallantry Awards Winners

The Committee note that cash support being provided by the Government to the Gallantry Awards Winners and their families has not been revised since a long time and are getting only Rs. 1500 for Shaurya Chakra to the maximum of Rs. 3000 for Paramveer Chakra. Although these soldiers have fought wars with the enemies and laid down their lives solely to defend their motherland and never thought of any monetary consideration in lieu of their bravery, it is the duty of the nation to show its gratitude towards them by honouring them suitably. As the Government is looking into the matter to raise the amount of different Gallantry Awards, the Committee strongly recommend that there should be a decent increase in the monthly amount being given to these awardees.

Reply of the Government

A proposal for enhancement of monetary allowances attached to Gallantry Awards has been taken up.

Recommendation (Paragraph No. 26)

The Committee again emphasize that besides maintaining data of the war-widows, pensioners, the Committee feel that there is an urgent need to disseminate the information about the various benefits being given to them. In this regard, the Government can disseminate information

through print and electronic media. The mechanism of meetings of Gram Sabha can also be used to disseminate the information in this regard.

Reply of the Government

The observations of the Committee regarding dissemination of information relating to various benefits have been noted, and action is being taken to have ESM related information disseminated through DD and AIR. A MOU has been entered into with Doordarshan (DD) for production and telecasting of programmes for educating ESM and their dependants about various welfare schemes in vogue and place in perspective their role/potential in the nation's life. Information about welfare schemes extended by both Central and State Governments is also available with Rajya/Zila Sainik Boards (RSBs/ZSBs) in booklet form. This information is also available on DGR and KSB's websites.

The use of electronic and print media for dissemination of information to the beneficiaries is being undertaken by the AG's Branch as well as Directorate General Resettlement (DGR). DGR publishes periodicals like Sainik Punarvas and News Flier which provide relevant information and these publications have a wide circulation.

The Rajya and Zila Sainik Boards will also be requested to interact with Gram Sabha in the villages under their jurisdictions for dissemination of information relating to welfare of ex-servicemen.

Recommendation (Paragraph No. 32)

Shortage of Officers in Indian Air Force

As per the information made available by the Ministry, against the sanctioned strength of Air Force officer *i.e.* 12183, the present strength is 10840, thus the shortage being of 1343 officers. In case of Persons Below Officer Rank (PBOR), the sanctioned strength is 131174 and the present strength is 125763, the shortage being 5411 as on March 2010. The Committee find that various initiatives are being taken by the Government to meet the shortage of officers and PBOR. Such initiatives include participation in career fair, exhibitions, advertisement in print and electronic media, motivational lectures in schools, colleges, visuals/singnages all over the country at strategic locations. Besides, the Government has recently started short service Commission for fighter pilots. Initially it was only for women officers. The Committee note with satisfaction that there is positive impact of implementation of Sixth Pay Commission's recommendations and qualified doctors, engineers and those employed in MNCs have started joining the Air Force directly into the flying job. The Committee note that the steps initiated by the

Government are in the right direction and hope that the initiatives would result in meeting the shortage of pilots, other officers and PBOR in Air Force. Besides, the Committee would also like to recommend that the impact of the recommendations of Sixth Pay Commission should be carefully watched.

Reply of the Government

The shortages of personnel in the IAF are regularly monitored. It has been observed that the shortages of personnel at all levels have been steadily decreasing over the last few years. The modification in policy to enable men also eligible for entry into the flying branch has had a positive effect. The impact of the recommendations of the Sixth Pay Commission is also being closely monitored in this context.

Recommendation (Paragraph No. 40)

Analysis of Naval Budget

The Committee note that the allocations at BE stage exclusively to Navy during the year 2010-11 are for Rs. 19625.79 crore against the projections of Rs. 23825.57 crore. The gap between the projected allocation and BE during 2010-11 is Rs. 4481 crore *i.e.* Rs. 2881 crore under the capital head and Rs. 1600 crore under the revenue head. The additional requirement under capital head *i.e.* gap between the projected outlay and BE is to the tune of Rs. 2760 crore for modernization and Rs. 121 crore for land and works. Similarly under the revenue head, the additional requirement to the tune of Rs. 1600 crore is needed for enhanced P&A and travel entitlements; prevailing inflation and fuel costs; increase in cost of tariffs and raw materials; and increased cost of maintenance and spares. The analysis of the data provided by the Ministry further indicates that the Navy's share of budgetary allocations to the total Defence Budget is decreasing over the years. The percentage share in this regard which was 17.45 per cent during the year 2007-08 has decreased to 13.32 per cent during 2010-11. If the aforesaid trend is seen separately for revenue and capital head, the data indicates that under the revenue head, the aforesaid share has declined from 12.03 per cent during the year 2007-08 to 9.48 per cent during the year 2010-11. Under the Capital head, the said share has decreased from 24.43 per cent to 18.89 per cent during the aforesaid period. The Committee further note that the overall long-term maritime capability plan includes ships, submarines and aircrafts which are very crucial for the preparedness of Navy. As such the Committee strongly recommend that the Navy should be provided allocations during the year 2010-11 as per their projections. The additional requirements of Rs. 4481 crore *i.e.* Rs. 2881 crore under the capital head and Rs. 1600 crore under the revenue head as stated above should be

made available to the Navy so that the modernization programme of Navy is not effected due to non-availability of resources.

Reply of the Government

The observation of the Committee has been brought to the notice of the Ministry of Finance.

Recommendation (Paragraph No. 41)

While recommending for allocations to Navy as per their requirements, the Committee observe that additional requirements are being made available to Navy whenever there are new and important projects in the pipeline as stated by the representative of Navy. On the one hand, representative of the Navy has submitted before the Committee that sustained budgetary support is necessary to realize the envisaged force level, on the other hand, the Governments policy of making the allocation of funds when asked for at the Revised Estimates stage has been defended by the Ministry. While appreciating the fact that the additional demands of Navy are considered favourably by the Government and due priority is given to Defence, the Committee feel that there is an urgent need to provide adequate allocations at BE stage itself. Providing the required allocation at RE stage lead to adhocism in the various plans of the Government. Moreover, as stated by the representative of Navy, sustained budgetary support is necessary to realize the envisaged force level. In view of this, the Committee feel that Navy as well as the Ministry of Defence need to project their allocations forcefully before the Government so that adequate allocation is made available to them at the BE stage itself particularly when there is no scope for compromise on the issue of Defence allocation.

Reply of the Government

The observation of the Committee has been brought to the notice of the Ministry of Finance.

The Ministry of Defence has been making, and will continue to make, earnest efforts to secure allocation from the Ministry of Finance as per the projections of the Services, including Navy, and other Departments.

Recommendation (Paragraph No. 42)

The Budgetary allocation for Navy is contained in Demand No. 23 of the Ministry of Defence which also includes the Budget for Joint Staff. While indicating the trend of increase/decrease in naval budget over the

years, the combined data is given in various Budget documents which do not truly reflect the trends of allocations exclusively for Navy. As such the Committee strongly recommend that the allocations for Navy and Joint Staff should separately be indicated in future in the Budget documents so as to understand the increase/decrease in allocations separately for both.

Reply of the Government

1. The Defence budget document, *viz.*, the Defence Services Estimates, contains six Demands for Grant. Five of these Demands are related to the revenue budget of the Army, Navy, Air Force, DGOF and the Defence R&D, while the sixth Demand is related to the Capital Outlay in respect of all the Services and Departments. The revenue budget of Joint Staff is included in the Demand for Grant for Navy. Within the Demand for Grant for Navy also, budgetary allocation for Joint Staff is made separately under a distinct Minor Head. The revenue budgetary allocation is shown as follows in the Demand for Grant for Navy in the Defence Services Estimates:

Minor Head 112 – Joint Staff

Sub-head

(A) – Pay and Allowances of Service Personnel

1. Officers
2. Other Ranks
3. DSC Personnel

(B) – Pay and Allowances of Civilians

1. Officers
2. Others
3. Industrial Estt.
4. Overtime allowances
 - (i) Others
 - (ii) Industrial Estt.
5. Payment of casual/daily rated labour
6. Pay and allowances of civilians MES Estt.
7. Medical Treatment

(C) – Miscellaneous Expenses

(D) – Transportation

(E) – Stores

(F) – Expenditure on Works

2. In so far as the capital budget is concerned, it is included as a distinct Minor Head in the Demand for Grant for Capital Outlay on Defence Services, which, as mentioned earlier, includes the capital outlay of all the Services and Departments.

3. It would thus be evident that the budgetary allocation for Joint Staff is already being shown distinctly in the budget document (Defence Services Estimates).

Recommendation (Paragraph No. 43)

Manpower Shortage in Navy

“The Committee note that the Indian Navy is suffering from shortage of manpower. There is shortage of 1439 officers and 7183 sailors as per the information made available to the Committee. As stated in the written note during the year 2009 a record number of 534 officers were inducted. Besides, Navy is expecting good induction in Navy due to revised pay package provided after the implementation of the Sixth Pay Commission. The Committee recommended that the favourable impact of the implementation of the Sixth Pay Commission’s recommendation on induction of manpower in Navy should be watched carefully. Besides, the Committee would also like to recommend that NCC Naval Wing should be further strengthened so that more and more sailors could be recruited from the schools. Similarly, more officers can be inducted from the college wing. Besides the recent salaries and allowances as well as post-service benefits including pension provided to sailors and officers with the implementation of the Sixth Pay Commission as well as the adventurous nature of service in Navy should be widely publicized through print and electronic media. In rural areas, publicity should be given through exhibitions and audio visual techniques. The Committee hope that all these initiatives would help Navy in meeting the shortfall. The Committee would also like to recommend that a deadline should be fixed to feel the gap between the sanctioned and existing strength of officers and PBOR.”

Reply of the Government

Impact of Sixth Central Pay Commission

1. Post enhancement of pay and allowances of service personnel by the Sixth Pay Commission, the volunteer response to various entries of officers and sailors has increased. As a result, the intake of personnel has been enhanced.

Recruitment Publicity

2. The Navy has already launched image Projection Campaigns to popularize the service through electronic and print media, as follows:—

- (a) Advertisements on TV News Channels.
- (b) Advertisements in popular magazines.
- (c) Hoardings in major cities across the country.
- (d) Bus panel advertisements in 16 States.
- (e) Ticker/Scroll advertisements on TV News Channels.

3. Actions taken with regard to recruitment publicity are, as follows:—

- (a) The Navy is carrying out focused motivation publicity in various schools and colleges where lectures are organized by teams of Naval Officers. In these lectures, the adventurous nature of the profession is brought out.
- (b) Special publicity stalls/counseling centres are being set up at various Exhibitions/Career Job Fairs in the country.
- (c) The Navy celebrates the first week of December every year as the Navy Week. This opportunity is taken to develop a connect with the population of our country. As part of the celebrations, the following activities are undertaken:—
 - (i) Ships and establishments are thrown open to general public to give them an insight of the life in the Navy.
 - (ii) Visits of School/College students are organized on board Naval ships to educate them on the career opportunities.

- (iii) Visits by Naval ships are organised to small and medium ports of the country to facilitate visit by the local population who normally do not get this opportunity.
- (iv) Medical Camps are organized at remote locations to make the Navy conspicuous and popular.
- (v) Navy Melas are organized to increase popularity of the service.
- (d) Publicity material like calendar, diaries, pamphlets, posters and blowups etc. are being distributed to approximately 8000 Schools/Colleges, Sainik Schools, local institutions by respective Commands and NCC units.
- (e) The Navy Aerobatic Team, "Sagar Pawan", consisting of Naval aircraft is being deputed to various stations to enthuse the youth take up Navy as a profession.
- (f) A multimedia 'C D' on career opportunities in the Indian Navy has been distributed to 2000 schools/colleges/NCC units all over India.
- (g) Navy is carrying out Image Projection Campaigns (IPCs) through advertisements on TV News Channels and Bus Panel hoardings every year.
- (h) A movie on Navy, 'Mission Navy' was produced and screened on famous National Geographic Channel, for popularizing the service amongst youth. In addition, one documentary on Navy titled; 'Power Packed Force for a strong Nation' was screened on Doordarshan in December 2009.

Deadline for Making up the Shortages

4. The Navy plans the induction of personnel through ten years Induction Plans in respect of all Branches/Trades of officers and sailors. The Induction Plans factors the training capacity of *ab initio* and downstream training institutions. Efforts are made to avoid cyclic variations in recruitment, which have adverse implications from HRD point of view. As regarding sailors, Navy has planned to reduce the shortages to the intended 5% by end 2011.

5. Sufficient impetus has been given by the Navy on recruitment publicity and motivation drives in various schools and colleges of the country. The shortage of officers in the Navy is expected to come down to 5% by 2018 by meeting the planned annual induction targets.

Recommendation (Paragraph No. 45)

Hindustan Shipyard Limited

The Committee appreciate that the Government has transferred Hindustan Shipyard Limited (HSL) under the Ministry of Shipping to the Department of Defence Production, Ministry of Defence by way of amendment of the Allocation of Business Rules on 23rd February 2010. The Committee hope that with the shipyard coming under the Ministry of Defence, the issue of National Security requirement of building strategic vessels for Indian Navy would be adequately addressed. The Navy would be in a better position to monitor the pace of ships under construction. Not only that the amount spent in hiring charges for vessels would also be saved.

Reply of the Government

The transfer of Hindustan Shipyard Limited (HSL) to the Ministry of Defence will strengthen the naval line of defence by utilizing the capacity and capability of the Yard for building vessels of various types for the Indian Navy. Considering the strategic location and lay out of Hindustan Shipyard Limited, Ministry of Defence will be utilizing HSL for building strategic vessels and naval ships/vessels to augment the fleet of Indian Navy and Coast Guard.

Since the Yard has been transferred to the Department of Defence Production, Ministry of Defence will be in a better position to monitor the pace of ships under construction.

Recommendation (Paragraph No. 47)

Modernization of Coast Guard Organisation

The Committee note that the BE for 2010-11 for Coast Guard Organization has been fixed at Rs. 1100 crore which is same as RE of 2009-10. From the information made available, the Committee find that at present Coast Guard Organization has 27 stations in coastal States and Coast Guard is planning to set up 14 new stations. The establishment of Coastal Radar Chain, Automatic Identification System, National Command Control Communication and Intelligence (NCCCI) Network and Fitment of Tracking Transponders on all vessels, are other planned projects to meet threats. Besides modernization of coast guards is also going on and interceptor boats, speed boats and other vessels are to be acquired. As such the Committee strongly recommend that adequate

allocation should be provided to Coast Guard Organization during the year 2010-11 so that the aforesaid projects do not suffer for want of resources. Besides keeping in view the threat from the sea particularly after the Mumbai attacks it should be ensured by the Government that the various projects, new stations and other modernization Plans are completed within a definite time frame. The Committee should also be kept informed about the progress made in this regard.

Reply of the Government

Post 26/11, there was a major impetus given for acquisition of additional surface and air platforms security and surveillance of the maritime Zones of India and accordingly the budget allocation have been increased in the Financial Year 2010-11 to the tune of Rs. 1100 crore under Capital Head as against the budgetary allocation of Rs. 921.33 crore in the Financial Year 2009-10. Out of the budgetary allocation of Rs. 1100 crore, expenditure to the tune of Rs. 195.04 crore has since been met up to June, 2010.

The requirement for additional funds for Coast Guard would be projected, if necessary, in due course.

After the Mumbai attacks, a total of 14 contracts under capital acquisition were concluded during 2009-10 for the Coast Guard. Four contracts are expected to be completed during 2010-11. Some more cases are being progressed.

Recommendation (Paragraph No. 48)

“The Committee note that numerous agencies are handling coastal security issues directly or indirectly. To ensure integrated approach in this regard various steps have been taken by the Government. To quote a few, Joint operational exercises are taking place on regular basis between Navy, Coast Guard, Coastal States and others to check the effectiveness of the systems and continuous review and monitoring mechanism of coastal security have been established by involving various including the State/UT authorities. In addition to this, to coordinate and effectively monitor the implementation of various decisions, the Government has constituted National Committee on strengthening Maritime and Coastal Security against threats from the sea with Cabinet Secretary and Secretaries of other related Ministries and Chief Secretaries of Coastal States and UTs and Director, IB, Director, Coast Guard as members. The Committee feel that all these steps are in the right direction and should be continued.”

Reply of the Government

1. The ongoing actions are enumerated in succeeding paragraphs.

2. Conduct of Coastal Security Exercise A number of exercises on the Western and Eastern seaboard have been conducted by the Indian Navy in close coordination and participation from the Coast Guard, State Marine Police, Port authorities, Customs, Immigration and Fisheries authorities. The exercises are being conducted at regular intervals along the Coastal States and Union Territories. Steps that are needed to be taken for improving coordination between various agencies is reviewed during each exercise debrief. Thirty two Coastal security exercises and twenty two Coastal security operations held in 2009/2010.

3. Strengthening Maritime and Coastal Security (NCSMCS)

Three meetings of the National Committee on strengthening Maritime and Coastal securing against threats from the Sea have been held so far. The Committee is chaired by Cabinet Secretary. It also includes, Chief of Naval Staff and Defence Secretary, Home Secretary and Secretaries of other related Ministries and Chief Secretaries of Coastal States and UTs, Director IB, Director Coast Guard. Recently Secretary Revenue and Chairman CBEC have also been included as members of the Committee.

CHAPTER III

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

Recommendation (Paragraph No. 13)

Zero Based Budgeting

The Committee observe that the Ministry of Defence do not feel the need to follow Zero Based Budgeting as a tool for Defence planning. Earlier, the Committee were informed that due to complexity and size of the Defence services, it was not possible. Now to the surprise of the Committee, the Ministry has changed its stand. The Committee have now been informed that the entire Defence Budget being non plan budget is not subject to any scrutiny by the Planning Commission. While agreeing to the fact that the allocations made to the Ministry of Defence are entirely under non-plan head, the Committee find that almost 40 per cent of the allocations are under the capital segment. Not only that, under the revenue segment also the substantial part of the allocations are utilized for maintenance and repairs of assets under the three services and the headquarters. As such the exercise of Zero Based Budgeting is more required in case of Ministry of Defence. As such the Committee are not inclined to accept the plea of the Ministry that the Zero Based Budgeting exercise is not necessary since the allocations are under the non-plan budget. The Committee strongly emphasize that the Ministry should adhere to Zero Based Budgeting in future.

Reply of the Government

It is respectfully submitted that the Ministry of Defence does not hold the view that zero based budgeting as a tool for estimation of budgetary requirement has no utility. In reply to Question No. 4 of the list of Questions sent by the Standing Committee on Defence in September 2009, the Ministry had stated as follows:—

“Being a part of the Union Budget, the instructions issued by the Ministry of Finance are followed while preparing the Defence

budget. The complexity and size of the Defence Services do not permit every function and activity to be subjected to a Zero-based comprehensive examination every year in the context of budget formulation. However, the underlying principle of ZBB is followed while preparing the five year and annual acquisition and procurement plans.”

A further query was raised by the Standing Committee on this issue by way of Question No 44 of the supplementary list of Questions. The query was why the Ministry of Defence should treat itself as an exception when other Ministries of the Government of India are preparing their budget on the basis of the Zero based budgeting concept. In response to this, the Ministry had stated that the Ministry of Defence, with whom the matter had been taken up, had intimated that the Zero based budgeting exercise is being done by the Planning Commission and that the entire defence budget being non-plan budget is not subject to any scrutiny by the Planning Commission.

It would thus be evident that the Ministry has not stated that it does not feel the need to follow Zero Based Budgeting as a tool for Defence planning. The statement that the entire Defence Budget being non-plan budget is not subject to any scrutiny by the Planning Commission was in the context of the query of the Standing Committee as to why should the Ministry of Defence treat itself as an exception when other Ministries of the Government of India are preparing their budget on the basis of the Zero based budgeting concept. The Ministry of Defence does not interact with the Planning Commission in regard to the Defence Budget, as Defence Budget is a non-plan one. However, as already submitted, the underlying principle of ZBB is followed while preparing the five year and annual acquisition and procurement plans.

The position explained above notwithstanding, instructions have been issued to the Services and other Departments that while preparing the RE 2010-11 and BE 2011-12, the on-going schemes (both under Revenue and Capital) should be subjected to scrutiny based on the concept of zero-based budgeting.

Recommendation (Paragraph No. 27)

The Committee further note that sometimes there are grievances of war-widows and disabled pensioners with regard to various facilities being provided to them. Besides, they may also have some queries related

to these benefits. In this regard, the Committee through a question have asked the comments of the Ministry on a toll free number for the purpose of grievance redressal of war-widows and disabled soldiers. The Ministry in an insensitive manner has flatly refused to consider the suggestion of the Committee. The Committee are of the firm view that a toll free number would definitely help these categories of persons. As such, the Ministry should consider the suggestion and take the desired action.

Reply of the Government

The varied nature of individual complaints which require to be addressed at the level of Zila/Tehsil/Panchayat may not be able to be fully tackled by a toll free number system. The steps already being taken by the Department to disseminate such information through electronic modes and the availability of information at ZSB level, obviate the need to install a toll free number. A computerized grievance redressal mechanism for ESM is being developed and should be in place in the near future. In view of the foregoing, the Government is of the considered view that providing a toll free number may not be necessary.

Recommendation (Paragraph No. 33)

Light Combat Aircraft (LCA)

The Committee during the course of examination of Demands for Grants of the previous year had noted that LCA project was sanctioned in the year 1983 with the original cost of Rs. 560 crore. The first phase of the project was completed on 31st April 2004 with the cost of Rs. 2188 crore which include rough estimates of Rs. 560 crore. The sanctioned cost of the second phase was Rs. 3301.87 crore and probable date of completion was 31 December 2008. The Ministry has further informed that in November 2009, sanction has been accorded for continuing full scale engineering development of LCA till 31st December 2018 with an additional cost of Rs. 5302.98 crore. The various trials have been completed and cross wind take off and landing has also been carried out successfully. The initial operational clearance is scheduled to be completed by December 2010. With regard to engine Tejas, the Committee during the course of examination of Demands for Grants of the previous had been informed that Tejas was running into serious problems and option of either to import an engine or persist with the Kaveri were being explored. The Committee have now been informed that the final position to import suitable engine in place of Kaveri engine is taken. Request for proposal in this regard has been floated and RFP response received.

Technical evaluation of the offers received is under progress. With regard to the relevance of technology particularly when 27 years have passed since the LCA project was sanctioned in 1983, the representative of DRDO apprised to the Committee that LCA has all the features of the fourth generation aircraft which is available in the world. From the aforesaid position, the Committee conclude that this is a very sorry State of affairs. Even when 27 years have passed since LCA was sanctioned, it has still to see the light of the day. The Committee emphasise that the various problems being faced with Tejas engine should be sorted out expeditiously. The Tejas should be commissioned expeditiously either by choosing the option of importing the engine or persisting with Kaveri. All the desired steps should be taken so that Tejas is operational by the stipulated time-frame and there is no further cost excalation.

Reply of the Government

The programme of indigenous development of Light Combat Aircraft (LCA) had been initiated in August 1983 with the Government sanction of an interim development cost of Rs. 560.00 crore. This sanction was to initiate the programme and carry out Project Definition Phase (PDP). After completing the PDP, the report was submitted to Government and proposal to build 07 prototypes was made. The Government of India split the programme into Technical Development Phase and Operational Vehicle Development Phase. The Full Scale Engineering Development Programme Phase-I (LCA FSED Phase-I) was sanctioned in April 1993 at a cost of Rs. 2188 crore (including the interim sanction of Rs. 560 crore given in 1983). The scope of FSED Phase-I was to demonstrate the technologies so that a decision could be taken to build operational proto-vehicles at a later stage. LCA FSED Phase-I was completed on 31 March, 2004. While Phase-I programme was in progress, the Government decided to concurrently go ahead with the build of operational proto vehicles. The scope of FSED Phase-II was to build three prototypes of operational aircrafts including a trainer and also to build the infrastructure required for producing 08 aircrafts per year and build eight Limited Series Production (LSP) aircrafts. Government sanctioned FSED Phase-II of the programme at a total cost of Rs. 3301.78 crore on 20 November, 2001. The Phase-II programme has been split into two phases namely, Initial Operational Clearance (IOC) and Final Operational Clearance (FOC). Standard of preparation of operational aircraft was finalized in 2004 with changes in weapons, sensors and avionics to meet the IAF requirements and overcome obsolescence (Original design was made in 1990s). This contributes to additional time and revised cost for Phase-II.

Governing body of ADA in its 41st meeting held on 22 November, 2007 had detail review of the Programme and deliberated on achievements *vis-à-vis* objectives of LCA FSED Phase-II programme and recommended the extension of FSED Phase-II likely date of completion till 31 December, 2012 (IOC by December, 2010 and FOC by December, 2012) with GE-F404-IN20 Engine and to develop and productionise the Mark 2 variant of Tejas aircraft and also recommended the constitution of Cost Revision Committee to assess additional requirement of funds.

The need for extension of PDC for LCA FSED Phase-II was due to:—

- Complexity of the system design and very high safety standards lead to extensive testing to ensure flight safety.
- Incorporating the configuration changes (for example R60 close Combat Missile (CCM) was replaced by R73E CCM which required design modifications) to keep the aircraft contemporary
- Due to non-availability of indigenous 'Kaveri Engine' design changes were carried out to accommodate GE404 engine of USA.
- Change in the development strategy of Radar and associated changes on the aircraft.
- Major development activity of Avionics was undertaken in order to make aircraft contemporary, which took time but yielded results (for example, development of obsolescence free open architecture avionics system).
- US sanctions imposed in 1998 also led to delay in importing certain items and developing alternate equipment, since vendors identification and development to production cycle took time.

The need for revision of FSED Phase-II fund sanction was mainly due to:—

- To neutralize the effect of inflation/delivery point cost against the sanctioned level at 2001 and the increase in manpower cost of HAL.

- To meet the programme management expenditure due to extended time line till December 2012.
- Maintain and operate 10-15 aircraft for four years upto 2012.
- To maintain and upgrade the design, development and test facilities upto 2012, in keeping with modern technology.
- To complete the activities which were not costed in the original estimates.

Cost Revision Committee after careful consideration of the projections made and taking into account the increase in the cost of material, manpower, additional activities to complete the IOC and FOC, maintenance of facilities and expanded scope of the programme etc., recommended additional fund of Rs. 2475.78 crore for completing FSED Phase-II activities with PDC Dec. 2012, Rs. 2431.55 crore for developing Tejas Mark 2 with alternate engine (LCA FSED Phase-III Programme) and Rs. 395.65 crore for Technology Development Programme (Total additional funds of Rs. 5302.98 crore). Recommendations of the Cost Revision Committee was accepted by Government and in November 2009, sanction was accorded for continuing Full Scale Engineering Development of LCA till Dec. 2018 with an additional cost of Rs. 5302.98 crore.

LCA (Tejas) Programme is progressing satisfactorily as per schedule mutually agreed with IAF to meet their requirements. Flight Test phase on nine Tejas aircrafts to obtain IOC for Tejas, which is mandatory for induction of Tejas into IAF is in advanced stage. Establishment of Tejas production facilities for the production rate of eight aircrafts per annum is progressing concurrently with development activities. On 31 Mar 2006, IAF has executed the contract with HAL for production of 20 Tejas aircraft (series production) powered by GE-F404-IN20 engines in IOC configuration and production activities are in progress. Follow on order of another 20 aircraft is in an advanced stage of negotiation between IAF and Hindustan Aeronautics Limited (HAL). The issue of Kaveri engine has been delinked temporarily from Tejas Production Programme and use of Kaveri engine on Tejas will be considered after successful completion of mandatory development tests on engine. Initial batch of Tejas production aircraft (Tejas Mk-1) will be integrated with GE-F404-IN20 engines and will be inducted into IAF progressively from Jan. 2011 onwards. Development of Tejas Mk-2 with alternate imported foreign engine (LCA FSED Phase-III) to improve aircraft performance has been launched concurrently with LCA FSED Phase-II programme.

In addition to the weekly reviews conducted at ADA and the Governing Body and Annual General Body Meetings, the Honourable Raksha Mantri has set up Special Review Committees with the Chief of Air Staff reviewing the programme once every quarter and Deputy Chief of Air Staff reviewing every month to ensure that the objectives of Tejas Programme are achieved without any further cost and time overrun.

Recommendation (Paragraph No. 35)

The Committee in their first report had strongly recommended that life extension of fighter aircraft should not go beyond a certain years and not more than one life extension be recommended. While reiterating their earlier recommendation, the Committee would like to recommend that the strategy of life extension of existing fleet should be reconsidered in the light of the recommendation made by the Committee. The decision taken in this regard should be communicated to the Committee accordingly.

Reply of the Government

In respect of MiG-21 aircraft the life extension was given on the basis of review by Russian Original Equipment Manufacturer (OEM). DGAQA, DRDO, HAL and IAF after full scale fatigue testing (FSFT). Currently calendar life extension study on MiG-21 Bison airframe from 35 years to 40 years is in progress.

In respect of MiG-27 upgraded aircraft, the feasibility study on Total Technical Life (TTL) is in progress.

The MiG-29 aircraft is presently undergoing upgrade under a contract with RAC MiG. The life of the aircraft is being extended to 3500 hrs./40 years. The life extension is being provided by the OEM of the aircraft after undertaking the full scale fatigue testing on their own aircraft. No further extension is planned on the MiG-29 aircraft.

Recommendation (Paragraph No. 46)

Joint Staff: Utilisation of Additional Funds Allocated for FY 10-11.

- (a) Reasons for enhancement of Joint Staff Budget for the FY 10-11.
- (b) Effective utilization of the enhanced budgetary allocations.
- (c) Restructuring of Joint Staff.
- (d) Need for evaluation of the functioning of HQ IDS.

Reply of the Government

Budgetary Allocations to Joint Staff

1. Though there is a substantial enhancement under capital head, the net increase in the Joint Staff Budget for the FY 10-11 under revenue head is only marginal. The details of BE allocations for FY 10-11 need to be seen in comparison with the RE allocations for FY 09-10, rather than standard practice of comparison with the BE figures of the preceding FY, since it was only at the RE stage during FY 09-10 that the additional allocations to meet the 6th CPC recommendations were made. A comparative table is as under:—

(All figures in crores)

Sl. No.	Type	RE (09-10)	BE (10-11)	Addl. Allocation for FY 10-11
(a) Revenue				
	(i) Sub Head A-B (Pay and Allces.)	699.41	751.37	51.96
	(ii) Sub Head C-F	269.75	291.65	21.90
	Total (a)	969.16	1043.02	73.84
(b) Capital	—	276.11	798.70	522.59

2. **Revenue:** Above table reveals the following:—

- (a) There is a net enhancement of only Rs. 73.86 crores, of which Rs. 51.96 cr shall be absorbed by pay and allowances itself on account of new raisings under HQ SFC and accretions under ANC.
- (b) The net enhancement of expenditure other than pay and allowances is only Rs. 21.90 crore which shall be barely enough to meet the inflationary trends. Infact, in real terms this does not amount to any growth under sub head C-F.

3. **Capital:** Under the Capital Heads, there is a net increase of Rs. 522.59 crore, primarily to cater for the acquisition and works requirements arising due to the following:—

- (a) New raisings under HQ SFC.
- (b) Accretions under ANC.
- (c) Modernisation of ADG SI.
- (d) Infrastructure growth of Tri Service Training Establishments.

Restructuring of Joint Staff/Evaluation of Joint Staff Organisations

Following the directive stipulated in the Government letter of 2001 on creation of HQ Integrated Defence Staff, the organizational review was taken up in 2008 in two parts – internal and external review. After a detailed study by college of Defence Management the internal review was completed in December 2009 and implemented. Report has been submitted to MoD, based on which an external review will be ordered.

CHAPTER IV

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

Recommendation (Paragraph No. 4)

The Committee were informed that the examination of the Comprehensive Report of Defence Expenditure Review Committee, to curb wasteful expenditure is still going on in the Ministry of Defence. As the recommendations of the said Committee will have far reaching implications and will definitely reform various policies of the Ministry to bring economy in its expenditure, the Committee once again recommend to complete the task urgently under intimation to them.

Reply of the Government

Examination and implementation of the recommendations, considered acceptable and implementable, has been entrusted to officers of the level of Joint Secretary in the Ministry of Defence and Defence Finance. This exercise is time consuming as it involves consultation with the Services and other Departments. However, wherever, considered feasible, action has already been initiated on the basis of the recommendations of the Committee.

Recommendation (Paragraph No. 10)

Married Accommodation Project

The Committee note that Married Accommodation Project (MAP) has been launched to meet the deficiencies of married accommodation that is to the tune of 28,099 dwelling units as on 2001. The aforesaid project would be undertaken in four phases. The Committee in their 30th Report on Married Accommodation in Defence and Allied service had observed that there was considerable delay in execution of Phase-I which would be followed by the subsequent phase. The Committee find that due to the shortage of married accommodation, the Defence personnel have to stay away from their families for a long period of time. In view of this, the Committee again emphasize that all the Phases of

the Married Accommodation Project should be completed within a stipulated time frame so that the Defence personnel including those staying in the difficult areas like Jammu and Kashmir and North Eastern Areas can stay with their families.

Reply of the Government

The Married Accommodation Project (MAP) undertaken by MoD envisages construction of 1,98,881 Dwelling Units (DUs) for the three Services in four Phases at an estimated cost of Rs. 17357.97 crore. As per the approval of Cabinet Committee on Security, the period of Phase-I of the project was from 2002-03 to 2005-06. It may however be mentioned that the organization of Director General, MAP, was sanctioned in May 2002 with the responsibility of project implementation. MAP envisaged construction activity of huge proportions spread all over the country. This was a new concept for the armed forces. Hence, the initial start of the project was delayed. However, after the initial gestation period, there has been significant progress.

A total of 46385 DUs have been completed so far. Construction of the dwelling units has been delayed due to land transition, land litigation and cancellation of contract cases. Probable Date of Completion (PDC) for Phase-II is 31st March, 2012. With all systems in place and experience of Phase-I, it is expected that work of Phase-II will be completed in time.

Recommendation (Paragraph No. 11)

Outcome Budget

The Committee in their 29th and 35th reports (Fourteenth Lok Sabha) had recommended that the Ministry should identify the areas and organizations for which the Outcome Budget could be prepared and present the same to Parliament at least from the year 2009-10. However, Outcome Budget was not presented for the year 2009-10. The Committee were expecting that at least the Ministry would now prepare Outcome Budget for the year 2010-11. However, the Committee are again disappointed to note that the same has not been done by the Ministry. The Ministry has now stated that orders have been issued on 18.2.2010 to renew the efforts by getting Outcome Budget prepared in respect of National Cadet Corps (NCC) and the Married Accommodation Project (MAP). The Committee feel that some of the other areas like ordnance factories, PSUs, Naval Dockyards and depots and some other selected establishments should be identified and the Outcome Budget 2011-12, presented to Parliament for the year on a pilot basis followed by the comprehensive Outcome Budget in the coming years.

Reply of the Government

It has been decided to attempt Outcome Budget in respect of Naval Dockyards also. However, the Ministry of Defence is of the view that it may not be appropriate to place the Outcome Budgets in the public domain or present them to the Parliament till sufficient experience is gained to ensure that quality and contents of the Outcome Budgets have reached an acceptable level of excellence.

Recommendation (Paragraph No. 14)

One Rank One Pension

The Committee find that ex-servicemen are demanding One Rank One Pension which implies that uniform pension be paid to the Armed Forces personnel retiring in the same rank with the same length of service irrespective of their date of retirement and any future enhancement in the rates of pension to be automatically passed on to the past pensioners. In this context, a Committee headed by Cabinet Secretary was constituted which submitted its report on 30 June, 2009. On the issue of One Rank One Pension the Ministry has stated that the Committee headed by Cabinet Secretary did not find it administratively feasible to recommend One Rank One Pension. The Ministry also elaborated that the concept of One Rank One Pension was not accepted by Fourth and Fifth Central Pay Commissions, inter-ministerial Committee, 2003 and GoM set up in January, 2005 due to administrative, financial and legal reasons. As stated by the Ministry, acceptance of the principle of One Rank One Pension has substantial implications estimated at Rs. 8000-9000 crore per annum. Not only that the Supreme Court on the issue of grant of 'One Rank One Pension' has also claimed that 'OROP' is not tenable. From the aforesaid position, the Committee conclude that One Rank One Pension has not been accepted by the Government. However, the pensionary benefits of ex-servicemen including disabled ex-servicemen have considerably been improved by implementation of seven recommendations of the Committee. While noting the aforesaid position the Committee urge that the Government should again consider the issue of one rank one pension in holistic manner so that large number of ex-servicemen can be benefited and also ensure that the various benefits provided to the ex-servicemen due to implementation of the recommendation of the Committee headed by the Cabinet Secretary along with the arrears if any, are paid expeditiously.

Reply of the Government

The Committee set up under the Chairmanship of Cabinet Secretary to look into the issue of One Rank One Pension and related issues did

not recommend its acceptance for various reasons. However, keeping in view the spirit of the demand, the Committee made several recommendations which have been accepted and Government orders to implement the recommendations have been issued on 30.10.2009, 19.1.2010, 20.1.2010 and 8.3.2010.

Various steps have been taken to ensure expeditious implementation of these orders: (i) A notice was published in prominent national and regional newspapers on 12.3.2010 intimating all concerned about the issue of Government orders in respect of the seven recommendations, (ii) The orders have also been placed on the website of Controller General of Defence Accounts, (iii) Ministry of Defence have been closely coordinating with Ministry of Finance to ensure expeditious revision of pension by the banks; Ministry of Finance have issued instructions to all concerned Chief Managing Directors/Chief Executive Officers of public and private sector banks to do the needful in a time-bound manner, and (iv) This Department has also requested all Chief Secretaries to instruct District Collectors to regularly review the progress made in this regard at their level

Recommendation (Paragraph No. 15)

Sukna Land Scam

The Committee find that recently a lot of controversies with regard to the use of Defence Land have been reported in the media including the latest Sukna land scam which involved the matter regarding issue of No Objection Certificate by Army for setting up educational institution with residential facility in the land which belong to State Government of West Bengal. On the suggestion of the Committee to have a regulator for huge Defence estates in the country which emerged during the deliberations the Ministry was of the view that the existing system was adequate and there was no need of a separate regulator. The Committee are of the strong view that land scams such as Sukna land scam affects the image of Army and the Defence services as a whole and as such it is utmost necessary that the country should have the fool proof system to regulate the Defence estates. In spite of internal mechanism to regulate the Defence estates such incidents are happening. As such the Committee recommend that their suggestion of having an independent regulator should be considered by the Ministry positively and the Committee apprised accordingly about the action taken in this regard.

Reply of the Government

The management of defence land is governed by the provisions of Cantonments Act, 2006, Cantonment Land Administration Rules, 1937

and Acquisition, Custody and Relinquishment etc. of Military Lands in India Rules, 1944. Ministry has also issued instructions from time to time for better and effective management of Defence land. The existing framework mentioned above contains adequate provisions for management of Defence Lands.

Recommendation (Paragraph No. 20)

Shortage of Officers in Army

The Committee have been apprised that the existing shortage of officers in Army is 11,456. Various steps to meet the shortage are being taken by the Ministry which include sustained image projection and publicity campaign, participation in career fairs and exhibitions, advertisements in print and electronic media, counseling and motivational talks in schools, colleges and NCC camps etc. The Committee feel that all these are steps in the right direction and need to be taken in a more effective way. Besides the Committee find that there is an urgent need to give more attention to the National Cadet Corps whose main objective is to groom the youth into disciplined and patriotic citizens. The Committee while debating the issue during the course of the deliberations had the feeling that the desired focus in this regard is not being given. The basic impediment being faced in this regard as elaborated by the representative of the Ministry is shortage of supervisory staff which primarily have to be provided by the three services. In this connection, the Committee recommend that the Ministry can think of having a pool of officers from Ex-servicemen. The retired officers of the three services, can be inducted into the aforesaid pool.

Reply of the Government

Besides awareness campaigns, participation in career fairs and exhibitions, advertisements in print and electronic media, motivational lectures in schools and colleges, continuous and sustained steps have been taken, aimed at reducing shortage of officers in the Armed Forces which include improving their service conditions, career progression, implementation of recommendations of VI Central Pay Commission with substantial improvements in pay and allowances, Married Accommodation Project (MAP) for augmenting housing facilities, liberalized provisions for grant of leave etc.

The National Cadet Corps as the largest uniformed youth organization is committed to groom NCC cadets to become disciplined and patriotic citizens of India. They constitute an important pool for intake of officers in the Armed Forces. While imparting training to these

NCC cadets, special emphasis is also being given to motivate and assist NCC cadets to join the Armed Forces as officers. Some of the measures in this direction are as under:—

- (a) Increase in number of NCC cadets vacancies at Officer Training Academy, Kamptee for Service Selection Board Courses.
- (b) Seven days Service Selection Board training to Associate NCC officers who in turn train NCC cadets during institutional training.
- (c) Conduct of Special Annual Training Camp at Directorate level and attachment with Army/Navy/Air Force for selected cadets.
- (d) Increase in Republic Day Banner competition points to Directorates for number of cadets joining Armed Forces Academies.
- (e) Incentives to Commanding Officers who ensure maximum enrolment in the Armed Forces.
- (f) Service Selection Board type obstacle course is being fabricated at HQ DG NCC camp to impart practical training for Service Selection Board.
- (g) Special coaching course at HQ DG NCC for selected cadets to appear for Service Selection Boards.

As regards Committee's recommendation to have a pool of officers of ex-servicemen from the three Services to make up the existing deficiency of officers, provisions already exist for re-employment of retired officers in Army and Navy.

Recommendation (Paragraph No. 22)

Recruitment Rallies for Jawans

The Committee note that the rallies for the purpose of recruitment of Jawans in the Armed Forces are being conducted in various places to meet the shortage of personnel in armed forces. In this connection, the expenditure with regard to tent, light refreshment etc. is being borne by the District Administration. Due to the financial burden, the district administration sometimes do not show interest because of the expenditure involved in this regard. As such, the Committee strongly recommend that all the expenditure involved in conducting recruitment rallies should be borne by the Ministry of Defence and allocation for the purpose should separately be earmarked in the outlay of the Ministry of Defence. The

Committee also recommend that for such rallies, wide publicity should be given through mass media, wall posters and village panchayats of that area.

Reply of the Government

Open rallies for the purpose of recruitment of Jawans are generally carried out in Non Military Stations where the army has limited or no resources. Rallies are planned and conducted after having coordinated all details with State Civil Administration and the District Civil Authorities. Special emphasis is given to provision of infrastructure, security and administrative backup. The involvement of States in recruitment process is a must to ensure that they feel themselves as part of the recruiting process and contribute to the national cause. Considering the magnitude of the arrangement also, the task is not feasible without the active involvement and support of the Local Administration. Expenditure involved is not much but the effect is tremendous both on the Civil Administration and the public.

After detailed coordination with civil authorities the publicity is carried out through both print and electronic media. Vigorous media campaign has been continuing to project the image of the Army. The Army has been making a concerted effort at publicity through a series of measures as under:—

- (i) Awareness campaign are regularly organized by the recruiting officials in various colleges and schools to attract the youth to opt for Army as a career;
- (ii) Recruiting/publicity stalls are also established alongwith Air shows, tattoo programs, publicity material like handouts are also distributed free of cost at such rallies and in various schools;
- (iii) NCERT books from States of Haryana, Assam, Mizoram, Himachal Pradesh and Maharashtra are carrying advertisements about the Indian Army;
- (iv) Grass root publicity has been achieved by inserting all information about the Army in log books being circulated in all school and colleges across the country;
- (v) Information Parks have been opened in all Headquarters Recruiting Zones and Army Recruiting Offices displaying information pertaining to recruitment of Officers and Personnel Below Officer ranks;

- (vi) Adequate publicity is resorted to in the print media and TV from time to time. Various magazines carry detailed information about details to join the Army;
- (vii) Interactive Voice Response System (IVRS) are being installed with all Headquarter Recruiting Zones to enable candidates to seek information regarding various recruitment procedures and rallies;
- (viii) An interactive website (joinindianarmy.nic.in) has been redesigned;
- (ix) A non-syllabus book on Army has been introduced in NCERT syllabus from class IX to XI this year *i.e.* 2010 session. From session 2011 a chapter in Social Studies book is planned to be included in class IX to XI;
- (x) Adequate publicity is ensured both through print and visual media just before the forms are required to be filled for various entries and also for recruitment rallies;
- (xi) Motivational lectures are conducted in schools and colleges across the country by serving as well as retired officers on Army as a career.

Recommendation (Paragraph No. 28)

The Committee note that besides expenditure on annual depreciation under the head Renewal and Replacement, Ordnance Factories have the investment plans for modernization and capacity augmentation. The Investment proposals of Rs. 388.89 crore for T-72 variants, Rs. 47.73 crore for Mine Protected Vehicles are being progressed. The Committee also noted that due to limited availability of vendors (world wide) for supply of the explosives manufacturing and automatic explosives filling plant, the investment plan could not be finalized. During the oral evidence, a representative of the Ministry informed the Committee that due to one vendor situation to supply plant and machinery, the modernization of Ordnance Factories is not coming through. On the issue of exports, representative of the Ministry himself admitted that currently, the capacity itself is a constraint and the ordnance factories have not really been able to meet the requirement of the Defence forces in full. The Committee, after taking into consideration these facts and the current State of health of Ordnance Factories, recommended that the growing needs of armament for internal security as well as Defence should be met through optimum utilization of available infrastructure/machinery and manpower. To achieve the objective, these factories should be restructured and re-oriented. The

Committee are of the view that they could also turn to be major foreign exchange earners, if capacity enhancement and modernization can be done.

Reply of the Government

- (a) The production capacities in Ordnance Factories have been created to meet the projected requirement of Armed Forces. These are being upgraded based on the requirement projected by Armed Forces from time to time. Recently, Army has projected a long term requirement in respect of ammunition and armoured vehicles. Since the requirement projected now is substantially higher, the augmentation of production capacities is being planned in line with the requirement.
- (b) The modernization of Ordnance Factories has been an ongoing process over the previous years. However, it has been decided that this may be taken up more comprehensively. OFB has deputed two teams of technical experts to study the production facilities in other countries so that the modernization plans can be drawn up keeping in view the modern machines and processes.
- (c) Long term requirements of weapons and ammunition of MHA (Ministry of Home Affairs) are also taken into account while augmenting the production capacities.
- (d) After meeting the requirement of Defence Forces and MHA, the available spare capacities, if any, are utilized for meeting the requirement of civil sector or export.

Recommendation (Paragraph No. 29)

Border Roads Organization

The Committee note that on the issue of augmentation of the defence structure of India's border, the Ministry has taken a holistic view and three plans *viz.* (i) LTPP Priority-I considering of 130 roads of total length 4881 kms with probable date of completion (PDC) 2012; (ii) Long Term Perspective Plan (LTPP) Priority-II considering of 255 roads of total length 10104 kms.; and (iii) 73 roads with total length of 3678 kms on Indo-China Borders have been prepared. The main hurdle in construction of Border roads is the forest clearance and wild life clearance as stated by the representative of the Ministry. To address the problem, at the level of Cabinet Secretary, periodic meetings are being taken and Sub-Committee has been formed in the Ministry under the Chairmanship of Additional Secretary. Representatives of various Central and State level Departments

concerned also meet once in 15 days or so. The Committee while appreciating the aforesaid mechanism would like to strongly recommend that all the desired allocation should be made for the border roads on a priority basis. Besides, the Committee emphasise that Border Roads should be given top most priority on the issue of forest and wild life clearance and these clearances should be accorded in a time bound manner so that these roads are constructed expeditiously.

Reply of the Government

1. Status of Forest/Wild Life clearance is enclosed as Appendix 'A'.
2. Status of Forest/Wild Life clearance as on April, 10 is enclosed as Appendix 'B'.
3. Actions taken by BRO is enclosed as Appendix 'C'.

Recommendation (Paragraph No. 31)

The examination of the data provided by the Ministry with regard to the financial performance during the first three years of Eleventh Plan indicates that there is under-spending during each of the year. Such under-spending was Rs. 3427.79 crore during 2007-08, Rs. 855.90 crore during 2008-09. During the year 2009-10, if the financial performance is seen in the light of the expenditure position upto February, 2010, there was under-spending to the tune of Rs. 6435.36 crore. The Committee have however been informed during the course of oral evidence that all the allocations provided during the year 2009-10 have been utilized. While recommending for adequate resources to Air Force, the Committee would also like to emphasize that the resources made available to Air Force should be effectively utilized so that the Ministry of Defence can present their case effectively to the Ministry of Finance for getting the adequate allocations. The Committee would also like to recommend that the position of expenditure met and under-spending of the outlay during a year item-wise should be indicated in all the Budget documents so as to have a clear position of the performance of various projects during a given year.

Reply of the Government

The observations of the Committee have been brought to the notice of the Ministry of Finance and the Air HQrs.

As regards the recommendation that the position of expenditure met and under-spending of the outlay during a year item-wise should be indicated in all the Budget documents so as to have a clear position

of the performance of various projects during a given year, it is submitted that the Budget document for a particular year is printed some time in February every year for being presented to the Parliament. Since the document is printed before the close of the financial year, it is not possible to indicate the status of actual expenditure of the current year in the Budget document. However, the Budget document shows the status of actual expenditure of the preceding year, the BE and the RE for the current year and the BE for the ensuing year. These details are given in respect of each Minor Head in the Budget document.

Recommendation (Paragraph No. 34)

The Committee note with concern that as many as 74 accidents involving Indian Air Force aircraft have so far taken place. 41.89 per cent of accidents were due to technical defects and 44.59 per cent were due to human failure and 6.76 per cent due to bird hits. The Committee note that the various initiatives being taken by Air Force to reduce aircraft accidents include invigoration of Aviation Safety organization, streamlining of accidents/incident reporting procedure, analytical studies and quality audits of the aircraft fleets to identify vulnerable areas and institute remedial measures. From the data provided with regard to the reasons for accidents the Committee find that most of the accidents *i.e.* 44.59 per cent are due to human failure. In this regard, the Committee find that proper training of the pilots can play an important role. The Committee's examination has revealed that Air Force is facing problem in respect of trainer aircraft and simulators. Due to some problems basic trainer aircraft *i.e.* HPT-32 has been grounded. The Committee have been informed during the course of deliberation that Air Force has adequate number of Kiran Simulators. The Committee's examination has further revealed that Air Force is facing problem with regard to upgradation of Kiran Simulators. From the aforesaid scenario it is apparent that Indian Air Force is facing problems in respect of trainer aircraft and simulators. The Committee strongly recommend that all the steps should be taken to acquire/upgrade the trainer aircraft and simulators so that adequate training is provided to pilots which would definitely result in reduction of accidents due to human failure. Besides adequate allocations should be provided for the proposed acquisitions/upgradations so that these projects do not suffer due to lack of resources.

Reply of the Government

The flying training in the IAF is structured in three stages (*i.e.* Basic stage, Intermediate stage and Advanced stage) during which the training is pitched in a manner to ensure complete and proper development of a trainee in each stage and produce a mature and a competent aviator.

In place of grounded HPT-32 aircraft, IAF is utilizing Kiran Mk 1/1A aircraft for basic stage training. During intermediate stage training, trainees are introduced to more demanding exercises on specific aircraft of the respective streams (*i.e.* by Chetak helicopter and Dornier Aircraft DO-228 etc.). During advanced stage of training, trainees are exposed to the advanced exercises in each stream (*i.e.* by Kiran Mk-II/Hawk Mk-132 aircraft, Mi-8 helicopter, Avro and AN-32 aircraft.)

To upgrade Kiran Simulators, IAF have procured 9 Cockpit Procedure Trainers (CPT) and 9 Procedure Practice Platforms (PPP) for Kiran Mi I/II aircraft. All devices have been installed and are being utilized as an integral part of flying training at respective Field Training Establishments.

Acquisitions/upgradation of the trainer aircraft and simulators

In order to further enhance the quality of training, adequate simulators like Synthetic Training Equipments (STEs) and Computer Aided Learning Systems (CALs) for all modern state-of-the-art trainer aircraft with compatible mission planning/debriefing modules are also being inducted. Emphasis is being laid on proportionate training on the ground based simulators in all aspects and roles of flying. Simulators training is embedded in the training syllabus at all the training establishments. The various simulators (*i.e.* HPT-32 and Kiran Simulators, Hawk Simulators, IJT Simulators, Navigation Simulators and Transport Aircraft Simulators) are already being updated in the IAF to impart training in Flying Training Establishments and Ground Training Establishments.

Modernisation of Training centres and training equipment in the IAF is an ongoing process aimed at improving the quality of training being imparted at all the IAF training establishments. Efforts are regularly being made to upgrade the training systems in IAF so as to provide a contemporary training environment to the trainees and thoroughly prepare them for easy absorption into the operational environment of the IAF.

Recommendation (Paragraph No. 35)

The Committee in their first report had strongly recommended that life extension of fighter aircraft should not go beyond a certain years and not more than one life extension be recommended. While reiterating their earlier recommendation, the Committee would like to recommend that the strategy of life extension of existing fleet should be reconsidered in the light of the recommendation made by the Committee. The decision taken in this regard should be communicated to the Committee accordingly.

Reply of the Government

In respect of MiG-21 aircraft the life extension was given on the basis of review by Russian Original Equipment Manufacturer (OEM). DGAQA, DRDO, HAL and IAF after full scale fatigue testing (FSFT). Currently calendar life extension study on MiG-21 Bison airframe from 35 years to 40 years is in progress.

In respect of MiG-27 upgraded aircraft, the feasibility study on Total Technical Life (TTL) is in progress.

The MiG-29 aircraft is presently undergoing upgrade under a contract with RAC MiG. The life of the aircraft is being extended to 3500 hrs./40 years. The life extension is being provided by the OEM of the aircraft after undertaking the full scale fatigue testing on their own aircraft. No further extension is planned on the MiG-29 aircraft.

Recommendation (Paragraph No. 36)

Modernization of Airfield Infrastructure (MAFI)

The Committee note that the proposal of modernization of Airfield Infrastructure (MAFI) project Phase-I comprising thirty-one Indian Air Force airfields is to be concluded within three and a half years of signing of the contract. The proposal is presently at the stage of commercial discussion stage and currently progressing on schedule. The Committee further note that based on the experience gained during Phase-I implementation, the requirements in respect of Phase-II of balance (Indian Air Force, Army, Navy, Coast Guard, etc.) Airfields will be consolidated and the modernization process will be initiated. The time required for completion of Phase-II will also be approximately three and a half years. As Air Force requires airfields from strategic point of view, the Committee emphasize that commercial negotiations for Phase-I and also of Phase-II projects be completed expeditiously within a fixed time frame. The Committee should be kept apprised of the progress made in this regard.

Reply of the Government

Modernisation of Airfield Infrastructure (MAFI) Project aims to modernize navigational aids at all the airfields. 30 airfields are included in Phase-I and remaining airfields will be included in Phase-II of the MAFI Project. The Contract Negotiation Committee (CNC) for MAFI Phase-I has been completed. The case will now be progressed for obtaining the approval of the Cabinet Committee on Security (CCS).

Recommendation (Paragraph No. 37)

The Committee find that the proposal for replacement of radars was held up during 1996-97 and 1997-98 due to lack of budgetary support. However, it actively progressed thereafter and CCS approval was accorded on 15 January 2002. The existing radars were functional and used by the IAF with restrictions on flying activity during adverse weather conditions. From the information provided by the Ministry, the Committee find that IAF is maintaining 12 High Power Radars. Besides, the acquisitions for more radars are in pipeline. In addition, 8 radars are being developed by DRDO. The Committee strongly recommend that all the steps should be taken to ensure that there is no delay in acquisition of radars which are in pipeline and adequate allocation is ensured for the purpose.

Reply of the Government

During the Financial Year 1996-97, the funds available for modernization (Capital Schemes) was Rs. 3175 crores (RE). The actual expenditure was Rs. 3164 crores. During the Financial Year 1997-98, the funds available was Rs. 3972 crores while the actual expenditure was Rs. 3962 crores. While the funds were utilized for various modernization projects of the IAF, orders for two Medium Power Radars could not be placed. The Government is fully cognizant of the need to augment the air defence assets of the IAF. Towards this end, procurement of various systems and equipment have been approved and are at various stages of induction. These include the Airborne Warning And Control System (AWACS) aircraft, Medium Power Radars, Low Level Transportable Radars, Low Level Light Weight Radars and Rohini Radars. In addition, the Defence Research and Development Organisation is developing different categories of radars to meet the air defence requirements of the IAF. On induction of these systems, the air defence requirement of the IAF will be fulfilled.

Recommendation (Paragraph No. 38)

Allocation of Funds to DRDO

The allocation for Defence Research and Development Organization for the year 2010-11 is Rs. 9809.72 crore. *i.e.* 6.25% of the overall defence budget. From the allocation and expenditure trend, it is observed that since 2007-08, the utilization is less than the allocation. The percentage

allocation to DRDO has been reduced from 6.74% to 6.25%. The aforesaid trend of declining percentage of allocation and under utilization of allotted amount is a matter of serious concern. The Committee also note that the Ministry has given priority to develop system to meet challenges of terrorism and low intensity conflicts and taken various steps to strengthen long gestation period of major projects, LCA, Kaveri Engines, Unmanned Combat Aerial Vehicles, Airborne Early Warning and Control System and Arjun Tanks. The Committee, therefore, strongly recommend that the Ministry should fully utilize the allocation as provided to them and seek additional amount at RE stage and complete the R&D programme in time to enhance the defence modernization.

The Committee during the course of deliberations have been informed that after the civil-nuclear deal, in some areas with regard to the export control in DRDO, there have been some improvement. But there are some laboratories like the missile laboratories which are affected by the export controls. The Committee have also been informed that Government is having discussions with the advanced countries in this direction to make sure that the benefits of these deals are given across the board. Appreciating the efforts of the Ministry, the Committee desire them to pursue this matter of national importance expeditiously.

Reply of the Government

Percentage of allocation to Deptt. of Defence R&D *w.r.t.* overall Defence Budget:

(Rs. in crore)

Year	Defence Expenditure	Defence R&D Expenditure	% rise in Defence R&D Budget <i>w.r.t.</i> previous year	% of R&D Budget to the overall Defence Budget
2007-08	91680.00	6104.55	-	6.66
2008-09	114223.00	7694.55	26.05	6.74
2009-10 (RE)	136264.00	8514.81	10.66	6.25
2010-11 (BE)	147344.00	9808.72	15.20	6.66

Defence R&D Budget when compared to total Defence Budget indicate the decline in percentage because of overall quantum of increase in Defence Budget. However, Defence R&D Budget has increased in

absolute terms. Ministry of Finance (MoF) and Ministry of Defence (MoD) has always allocated additional funds, when required by Deptt. of Defence R&D.

Utilization of Budget provisions in r/o Defence R&D:

(Rs. in crore)

Year	Defence R&D (MA)	Defence R&D (Actuals)	%age Utilization	Funds lapsed to Government
2007-08	6256.81	6104.55	97.57 %	152.26
2008-09	7737.64	7694.55	99.44 %	43.09
2009-10	8514.81	8317.27 [upto Mar.' 2010 (Pre.)]	97.68 %	Under process of Compilation

All out efforts will be made to utilize the allocations in full and additional funds, if required, would be sought at later stage.

Recommendation (Paragraph No. 39)

Rama Rao Committee Report

The Committee note that the Ministry has completed the deliberations on the recommendations of Rama Rao Committee for restructuring of DRDO and the Report will be submitted to the Minister in this month for his considerations. The Committee expect the Ministry to complete the task at the earliest. The development in this regard should accordingly be communicated to the Committee.

Reply of the Government

Independent Review Committee headed by Dr. P. Rama Rao had submitted its report to the Government on 5th March, 2008. The report was processed by the Committee headed by Defence Secretary to look into the responses and suggestions made by various stakeholders on the recommendations of Dr. P. Rama Rao Committee. The same was approved by Hon'ble Raksha Mantri on 12 May 2010. The action on the implementation of the recommendations accepted by the Government is still under process which may take some more time. The Parliamentary Standing Committee on Defence would be informed after implementation is completed.

Recommendation (Paragraph No. 44)

Modernization of Indian Navy

The Committee note that maritime security includes the exclusive maritime zones admeasuring 2 million sq. km. area which is regularly kept under vigil by the Coastguard and Navy. For effective patrolling and keeping a vigil on such a large sea area, there is an urgent need to have adequate number of ships and aircrafts. In this connection, the Committee find that the emergency Committee of the Cabinet had accepted a force level of 138 ships for the Indian Navy in 1964. Even after the expiry of 46 years, the country is still to get 138 ships. The present strength of naval fleet is only 129. Further the Committee find that the Government had approved a 30 year long term submarine plan in 1999 which entails indigenous construction of 24 modern conventional submarines by 2030. The Six Scorpene Submarines which were earlier scheduled to be delivered to Navy from 2012 till 2017, one each in one year, has been delayed and first submarine will be commissioned only in 2015. The Ministry has acknowledged that induction of submarine has not kept pace with the de-induction schedule. In addition the aircraft carrier Gorshkov which was due for induction in August, 2008 is not likely to be delivered by Russia in December, 2012. The aircraft modernization plan also includes MiG 29K, Long Range Maritime Reconnaissance Aircraft, Kamov 31, TU 142, IL 38 and Dornier. The aforesaid scenario of the force level in Navy indicates that there are huge delays in procurement of ships and aircrafts. It is a matter of concern that the country could not achieve a force level that was accepted by Cabinet 46 years back in 1964. Since then a lot of challenges particularly in the field of naval security have emerged particularly in the aftermath of November 2008 terrorist attacks in Mumbai. The Committee strongly recommend that there is an urgent need to find out the reasons for delay in acquisitions and take adequate steps which include streamlining the acquisition process. Besides the Committee would also like to emphasize that the adequate outlay should be provided for the modernization plans of Indian Navy.

Reply of the Government

Delays sometimes occur in defence projects due to several reasons such as insufficient and limited vendor base, non-conformity of their offers to the Request For Proposal (RFP) conditions, field trials, complexities in contract negotiations, limited indigenous capability and long lead time for indigenization etc. Further the market for state-of-the-art defence equipment and platforms being circumscribed by denial regimes, limited availability of required type of material, complexities in

construction and manufacturing involving integration of large number of systems, assemblies and sub-assemblies also cause delays.

To counter systemic and institutional delays, procedures and process are continuously refined on the basis of experience gained during the implementation of projects. There are also contractual provisions for penalties against delays in project implementation.

The matters relating to time and cost overrun are examined at appropriate level. Provisions have been incorporated in the Defence Procurement Procedure for review committees and monitoring teams suitably empowered to ensure timely execution of projects at appropriate level.

In order to further streamline defence procurement procedures, action has since been initiated to review the DPP 2008 (Amendment 2009).

Adequate funds are provided for modernization plan of the Navy.

Further, keeping in mind the Mumbai terrorist attack, various new equipments are proposed to be procured and inducted in order to strengthen the Coastal Surveillance system. These include Radars, Automatic Identification Systems, associated displays and networking equipment for the Coastal Radar, Fast Interceptor Crafts (FICs), Vessels and aircraft, setting up of Integrated Underwater Defence and Surveillance System at various naval harbours, Coastal Anti-Submarine Warfare ships and Long Range Acoustic Devices.

CHAPTER V

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

Recommendation (Paragraph No. 1)

The Committee note that the Budget Estimates (net) for the year 2010-11 are for Rs. 147344 crore which include Rs. 87344 crore as revenue outlay and Rs. 60,000 crore as capital expenditure. The allocations made at BE stage during 2010-11 are far less than the projections made by the three services. The additional allocations sought by the Ministry during 2010-11 as compared to the BE of 2009-10 are to the tune of Rs. 30352.02 crore whereas the actual enhancement in BE 2010-11 is just Rs. 5641 crore. The Committee during the course of examination of Demands for Grants have been informed that the Government is taking steps to ensure that the capabilities of the Armed Forces are enhanced in a well planned and integrated manner. Such measures include the induction of equipment and platforms, the strengthening of infrastructure and induction and deployment of skilled manpower. The Committee further observe that the exercise carried out late last year to review the projections for the remaining two years of the Eleventh Plan resulted in the figures that entail growth of 35.96 per cent and 17.13 per cent respectively under capital segment for the years 2010-11 and 2011-12 over the BE of 2009-10. The Ministry has further apprised that under the revenue segment, the revised projections resulted in a growth of 12.58 per cent over BE of 2009-10 for the remaining two years. Not only that, the Ministry of Finance has indicated growth rate of 6.5 per cent under the revenue segment on the higher base of RE 2008-09 and BE 2009-10. Under Capital segment growth rates for the remaining two years of the Plan period have been indicated as 15.55 per cent and 15.12 per cent respectively, resulting in overall growth rate of 10 per cent. The additionality of just Rs. 5641 crore as provided during 2010-11 as compared to BE of previous year is just 3.8 per cent which apparently is far less than projections as well as the indicated growth rate by the Ministry of Finance. Not only that, the Ministry has informed that the allocations lesser than the projections would necessitate thinner spread of allocations over various budgetary heads resulting into compromises under various important heads including Defence modernization. The Committee find that India is

surrounded by the difficult neighbours and it is of utmost importance for the country to build the deterrent capabilities to safeguard the nation. In view of this the Committee strongly recommend that the allocations made by the Ministry of Finance should be commensurate to the projections made by the Ministry of Defence. As such the additionality sought by the Ministry for the year 2010-11 should be made available to the Ministry of Defence so that the modernization plan of the services do not suffer for want of resources.

Reply of the Government

The observation of the Committee has been brought to the notice of the Ministry of Finance.

Recommendation (Paragraph No. 2)

With regard to the performance of the Ministry in the context of financial achievement during the year 2009-10, the Committee find that 68 per cent of the expenditure was made during the first three quarters thus leaving 31.78 per cent of the allocation in the last quarter of the year. The spending of substantial part of the allocations during the last quarter of the year is the general trend with the Ministry. The Committee are concerned to note that when the issue was raised during the course of oral evidence, the Defence Secretary stated that this was the case with almost all the Ministries. The Committee do not appreciate the way the trend of utilization of the substantial allocations in the last quarter was defended by the Ministry. In this context the Committee may like to highlight that the outlay of Rs. 141703 crore provided at BE stage during the year 2009-10 was reduced to Rs. 136264 crore at RE stage. There was a reduction of Rs. 7,000 crore under the Capital Section. The trend of utilization clearly indicates that the cut may be imposed keeping in view the pace of expenditure during the first six months of the year. The Committee strongly recommend that the allocations provided at Budget Estimates stage should not be reduced at RE stage particularly under the capital section. While recommending for not imposing cut at RE stage, the Committee would also like the Ministry to ensure utilization of resources in a phased manner during the year so that the Ministry can present their case effectively at the Revised Estimates Stage to avoid substantial reduction of outlay.

Reply of the Government

The observation of the Committee concerning non-imposition of cut at the RE stage has been brought to the notice of the Ministry of Finance.

The observation of the Committee regarding utilization of resources in a phased manner during the year has also been communicated to the Services Headquarters and other Departments.

Recommendation (Paragraph No. 3)

The Committee note that Revenue Capital Ratio has been improving towards the capital side. The average ratio was 74:26 during IX Plan. During X Plan, the average ratio was 64:36. In the XI Plan, during the year 2007-08 the ratio 59:41, in 2008-09, the ratio was 64:36, in 2009-10 the ratio 65:35, during 2010-11 (BE) it is 59:41. The increase in 2008-09 and 2009-10 is largely due to salary increase and one time payment of arrears due to implementation of Sixth Central Pay Commission's recommendation. While appreciating the trend of improvement in the revenue capital ratio more towards capital side barring the years 2008-09 and 2009-10 due to implementation of Sixth Pay Commission's recommendations, the Committee once again desire the Ministry to find out ways and means to avoid wasteful expenditure in order to provide more resources for capital modernization programme and their maintenance and repair.

Reply of the Government

The observations of the Standing Committee have been communicated to the Services and other Departments. It is also submitted that with the allocations being generally less than the projections, there is an awareness on the part of the Services and Departments to utilize the available resources judiciously. The Integrated Financial Advice System also ensures that the expenditure proposals are closely scrutinized before these are sanctioned by the Competent Financial Authorities.

Recommendation (Paragraph No. 5)

Further, the Committee observe from the broad classifications of revenue budget that the allocation under the store and equipment *i.e.* Rs. 21479 crore at BE 2009-10 has been reduced to Rs. 18674 at RE stage. The reduction is of Rs. 2805 crore. In the BE 2010-11, the allocation made is Rs. 20084 crore, in comparison to BE 2009-10 it is less than Rs. 1395 crore. As stores and equipment are of paramount importance, reduction in the allocation will have an adverse impact on the modernization programme. Therefore, the Committee recommend that adequate budgetary allocation should be provided at RE stage under this Head.

Reply of the Government

The observation of the Committee has been brought to the notice of the Ministry of Finance.

Recommendation (Paragraph No. 6)

Defence Procurement Policy (DPP)

From the information furnished by the Ministry with regard to various acquisitions in Navy and Air Force, the Committee find that there are considerable delays under various projects having a great impact on the cost of the project. To quote a few, the aircraft carrier Admiral Gorshkov was to be delivered in August, 2008, now the delivery has been rescheduled to December, 2010 and the cost of the project has increased from USD 974 million to USD 2330 million. The other such projects are scorpines, nuclear submarines in Navy, Advance Jet Trainer, Tejas and Kaveri Engine, Hawk in Air Force. During the course of the deliberations, the Secretary apprised that under Defence Procurement procedure every activity has been clearly marked out and a complex and large acquisition takes about 29 months. The Committee note that inspite of clear cut provisions of the period of every activity under DPP, the acquisitions are taking much longer period as stated above. The Committee are concerned to know that inspite of considerable delays in acquisition, the stand of the Defence Service that 'the change in guidelines would not really help to that extent' is not understandable. The Committee are of the firm view that there is an urgent need to further streamline the acquisition procedures so as to avoid long delays in acquisitions.

Reply of the Government

Defence Procurement Procedure (DPP) is reviewed annually. The DPP-2008 (Amendment 2009) is being reviewed presently with a view to further streamline the acquisition procedure. The aspect of long delays is being focused in the current review.

Recommendation (Paragraph No. 12)

Early Finalisation of Long Term Integrated Perspective Plan (LTIPP) and Eleventh Plan.

- (a) The Committee have repeatedly been recommending to finalise the Long Term Integrated Perspective Plan (LTIPP). Till date, the LTIPP has not been finalized.
- (b) Now the Ministry has stated that the Plan is in the final stage of preparation. The Committee are constrained to observe

the way Long Term Plans are being drawn by the Ministry particularly when it relates to the security of the nation.

- (c) While expressing unhappiness over the adhocism in the planning process. The Committee would like to strongly recommend that at least now the LTIPP should be finalized without any further delay.

Reply of the Government

Long Term Integrated Perspective Plan (LTIPP) is formulated by HQ IDS and approved by Chairman Defence Acquisition Council *i.e.* Hon'ble Raksha Mantri, LTIPP for the period 2002-17 is in vogue at present. It was approved by the Defence Acquisition Council in June 2006.

To work out the next LTIPP, covering the period 2012-2027, Service HQs are finalizing their LTIPPs and on receipt, HQ IDS will crystallize the LTIPP for 2012-27 after due approval by the DAC.

Recommendation (Paragraph No. 25)

Benefits to Ex-Servicemen, War Widows and Disabled Soldiers

The Committee while examining the Demands for Grants of the previous year had noted that the Government has not maintained any data with regard to war-widows and disabled soldiers who had laid down their lives and disabled pensioners who had lost their limbs to safeguard their nation, even though certain benefits are being provided to them. The Ministry in the action taken note has stated that action is in progress for getting the data of disabled/war disabled pensioners. The Committee again emphasize that urgent action in this regard should be taken and the data made available on the internet. The data may also be furnished for the information of the Committee.

Reply of the Government

As a result of concerted efforts made by this Ministry, some data in respect of disabled/war disabled pensioners has been received and the same is as under:—

	Disabled Pensioners	War Disabled Pensioners
Navy 1996-2008	1393	-
Air Force (2003-OS) PBOR (1996-2008) Officers	5189	191
Army (1951-2009)	64746	5822

Efforts are in progress to collect more information.

Recommendation (Paragraph No. 30)

Allocation Of Funds To Indian Air Force

The Committee observe that there are gaps in the projected outlay and sanctioned outlay of Air Force during the year 2010-11. Under the revenue section against the projected BE of Rs. 17483.60 crore, sanctioned BE is Rs. 15210.73 crore, leaving a gap of Rs. 2272.87 crore. Similarly under the capital segment against the projected BE of Rs. 31667.56 crore, the sanctioned BE is Rs. 25251.72 crore, the gap being Rs. 6415.84 crore. The trend of percentage allocation to Air Force out of the total Defence Budget during the last three years of Eleventh Plan indicates that the allocation under the revenue head has declined from 10.62 per cent during the year 2007-08 to 10.1 per cent during 2009-10. Under the capital segment, the aforesaid percentage was 17.53 per cent during the year 2007-08 which increased to 18.25 per cent during the year 2008-09. However during the year 2009-10 it has declined considerably to 14.19 per cent. Keeping in view the fact that the acquisitions for some of the aircrafts like Advance Jet Trainers, Advance Light Helicopters and Flight Re-fuelling Aircrafts are in the pipeline, the Committee strongly recommend that additional requirement particularly under the capital head *i.e.* to the tune of Rs. 6415.84 crore should be made available to Air Force so that the important projects do not suffer for want of resources.

Reply of the Government

The observation of the Committee has been brought to the notice of the Ministry of Finance.

NEW DELHI;
9 December, 2010

18 Agrahayana, 1932 (Saka)

SATPAL MAHARAJ,
Chairman,
Standing Committee on Defence.

MINUTES OF THE THIRD SITTING OF THE STANDING
COMMITTEE ON DEFENCE (2010-11)

The Committee sat on Monday, the 6th December, 2010 from 1500 to 1600 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Satpal Maharaj — *Chairman*

MEMBERS

Lok Sabha

2. Shri Harish Chaudhary
3. Shri Kamal Kishor 'Commando'
4. Dr. Sucharu Ranjan Haldar
5. Shri Bhaskar Rao Patil Khatgaonkar
6. Prof. Prasanna Kumar Patasani
7. Shri A.T. Nana Patil
8. Shri C.R. Patil
9. Shri C. Rajendran
10. Shri M. Rajamohan Reddy
11. Shri Bajju Ban Riyan
12. Rajkumari Ratna Singh

Rajya Sabha

13. Shri Avinash Rai Khanna
14. Prof. P.J. Kurien
15. Shri Mukut Mithi
16. Shri T.K. Rangarajan
17. Shri Birender Singh
18. Shri M.V. Mysura Reddy

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Smt. Jyochnamayi Sinha — *Deputy Secretary*

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

3. *** *** *** *** ***

4. During the course of deliberations, the Members pointed out that as per the action taken notes the Government has not agreed to some of the recommendations made by the Committee in Sixth report. The convincing reasons for not agreeing to the recommendations were also not given in the action taken notes. On the recommendation made by the Committee to have an independent regulator for management of Defence Land, the Government did not pay heed to the recommendation even when Sukna Land Scam and now Adarsh Land Scam are being reported. The Committee expressed serious concern over the way the Ministry has addressed to the recommendations. While agreeing to the comments made in the report, the Committee decided that Hon'ble Chairman should address a letter to Hon'ble Minister of Defence expressing the concerns of the Committee in this regard.

5. The Committee then considered and adopted the draft Report on 'Action Taken by the Government on the recommendations/observations contained in the Sixth Report of the Standing Committee on Defence (Fifteenth Lok Sabha) on Demands for Grants (2010-11), with slight modifications at Para No. 11 contained in Chapter-I of the Report.

6. The Committee, then, authorized the Chairman to finalize the above draft report and present the same to the House on a date convenient to him.

The Committee then adjourned.

APPENDIX

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE SIXTH REPORT OF THE STANDING COMMITTEE ON DEFENCE

		Percentage of Total
1.	Total number of recommendations	49
2.	Recommendations/Observations which have been accepted by the Government	
	Para Nos. 7, 8, 9, 16, 17, 18, 19, 21, 23, 24, 26, 32, 40, 41, 42, 43, 45, 47 and 48	19 39
3.	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government	
	Para Nos. 13, 27, 33, 35 and 46	05 10
4.	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration	
	Para Nos. 4, 10, 11, 14, 15, 20, 22, 28, 29, 31, 34, 36, 37, 38, 39 and 44	16 33
5.	Recommendations/Observations in respect of which final replies of the Government are still awaited	
	Para Nos. 1, 2, 3, 5, 6, 12, 25 and 30	08 16