

**FUNCTIONING OF A.D.G.E.S.
RADAR, PROCUREMENT OF
SPECIAL CLOTHING AND
MOUNTAINEERING EQUIPMENT
AND DELAY IN EXECUTION/
RENEWAL OF LEASE**

[Action Taken by the Government on the Observations/
Recommendations of the Committee contained in their
Twelfth Report (15th Lok Sabha)]

MINISTRY OF DEFENCE

**PUBLIC ACCOUNTS
COMMITTEE
2011-2012**

THIRTY NINTH REPORT

FIFTEENTH LOK SABHA



सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

THIRTY-NINTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2011-2012)

FIFTEENTH LOK SABHA

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SPECIAL CLOTHING AND MOUNTAINEERING EQUIPMENT
AND DELAY IN EXECUTION/RENEWAL OF LEASE

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MINISTRY OF DEFENCE



Presented to Lok Sabha on 23 March, 2011

Laid in Rajya Sabha on 23 March, 2011

LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2011-2012)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Shri Anant Kumar Hegde
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20. Shri Satish Chandra Misra
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22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Sh. Abhijit Kumar — *Director*
3. Shri Sanjeev Sharma — *Deputy Secretary*

* Vacancy occurred *vice* Smt. Jayanthi Natarajan has been appointed as Minister of State *w.e.f.* 12th July, 2011.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2011-12), having been authorised by the Committee, do present this Thirty-ninth Report (Fifteenth Lok Sabha) on action taken by the Government on the Observations/Recommendations of the Committee contained in their Twelfth Report (Fifteenth Lok Sabha) on '**Functioning of A.D.G.E.S. Radar, Procurement of Special Clothing and Mountaineering Equipment and Delay in Execution/Renewal of Lease**' based on C&AG Report No. PA 5 of 2008 (Air Force and Navy), Para No. 3.1 of C&AG Report No. CA 4 of 2008 (Army) and Para No. 2.1 of C&AG Report No. 4 of 2007 (Army) respectively relating to Ministry of Defence.

2. The Twelfth Report was presented to Lok Sabha and laid in Rajya Sabha on 29th April, 2010. Replies of the Government to the Observations/Recommendations contained in the Report were received on 23rd December, 2010, 27th January, 2011 and 7th April, 2011 respectively. The Public Accounts Committee considered and adopted the Thirty-ninth Report at their sitting held on 28th June, 2011, Minutes of the sittings are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Twelfth Report (Fifteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
2 August, 2011

11 Sravana, 1933 (*Saka*)

DR. MURLIMANO HAR JOSHI,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twelfth Report (Fifteenth Lok Sabha) on '**Functioning of ADGES Radar, Procurement of Special Clothing and Mountaineering Equipment and Delay in Execution/Renewal of Lease**'.

2. The Twelfth Report (Fifteenth Lok Sabha) which was presented to Lok Sabha on 29 April, 2010, had dealt with various issues contained in Chapter 1 of C&AG Report No. PA 5 of 2008 (Air Force and Navy), Para No. 3.1 of C&AG Report No. CA 4 of 2008 (Army) and Para No. 2.1 of C&AG Report No. 4 of 2007 (Army) respectively relating to the Ministry of Defence. The Report contained 21 Observations/Recommendations. The Action Taken Notes received from the Ministry of Defence have been categorised as under:—

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

Para Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 19, 20 and 21

Total: 18
Chapter-II

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

—Nil—

Total: Nil
Chapter-III

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

Para Nos. 1 and 17

Total: 02
Chapter-IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Para No. 18

Total: 01
Chapter-V

3. The Public Accounts Committee, having taken cognizance of the inordinate delay on the part of various Ministries/Departments in furnishing the Action Taken Notes on the Non-selected Audit Paragraphs within the stipulated time, selected Chapter 1 of C&AG Report No. PA 5 of 2008 (Air Force and Navy), Para No. 3.1 of C&AG Report No. CA 4 of 2008 (Army) and Para No. 2.1 of C&AG Report No. 4 of 2007 (Army) respectively on 'Functioning of ADGES Radar, Procurement of Special Clothing and Mountaineering Equipment and Delay in Execution/Renewal of Lease' for detailed examination. A Sub-Committee of the PAC was specially constituted for the purpose. The detailed examination of the subject by the Sub-Committee revealed several deficiencies/shortcomings on the part of the Ministry of Defence, which *inter alia* included, inordinate delay in submission of Remedial Action Taken Notes along with certain discrepancies such as a serious mismatch between availability and IAF's requirements of Radar system, systemic deficiencies in non-sanctioning of the ADGES Plan and the procedures of procurement of Radars, non-streamlining of procedure for formulation of technical specifications, evaluation of offers and selection of vendors etc. In addition, procurement process was fraught with serious delays at every stage impacting on the timely availability of clothing and equipment. Glaring inaction was noticed on the part of the Director General Defence Estates (DGDE) causing delays ranging from 6 to 36 years in renewal of leases of Defence lands and the resultant non-recovery of substantial amount of rent and premium of several crores of rupees and loss of interest thereon. Moreover, there was lack of systemic mechanism for streamlining their lease execution and renewal process.

4. The Committee in their Twelfth Report on the subject had made the following important Observations/Recommendations:—

- (i) Noting the mismatch in the figures supplied by the Ministry of Defence and the pending paragraphs with the Department of Expenditure (Monitoring Cell) and Audit, the Committee desired that the discrepancy in the number of pending audit paragraphs should be settled by the Ministry of Defence in consultation with the Audit and the Monitoring Cell and correct figures may be intimated to the Committee whilst furnishing the action taken replies on this Report.
- (ii) Observing the absence of coordination within the three wings of the Ministry of Defence in regard to the furnishing of ATNs, the Committee recommended immediate and effective action to be taken by the Ministry to streamline the process to deal with Audit Reports/Paras within the Ministry. The Ministry was asked to reply to all audit observations within the timeframe laid down for the purpose. The Committee also desired that reasons for the delay in furnishing ATNs to Audit should be investigated and accountability fixed. The Committee also desired to be intimated about a specific timeframe by which the backlog of the pending ATNs would be cleared by the Ministry.
- (iii) Taking note of the absolute necessity for the existence of formulated and approved plans for timely acquisition, maintenance and replacement of existing assets for the full satisfaction of the critical needs of the Defence

establishment, the Committee recommended the advance planning of acquisitions and deployment of Air Defence radars in a manner that would ensure timely purchase as per procurement plan and also take care of emergency requirements so that critical requirements of the armed forces are always satisfied consistent with the need to ensure transparency of procurement procedures.

- (iv) Observing that signing of contracts was only the first step in ensuring the meeting of Air Defence related security requirements, the Committee recommended that procurement of the Radars and equipments for which contracts have been signed, are completed within the stipulated time frame and without delays.
- (v) Noting the frequent break downs of the existing old radars and non-availability of spares etc. the Committee had recommended that utilization of radars in terms of watch hours may be enhanced through timely replacements, upgradations and efficient product support. The Ministry was also recommended to ensure watch hours as prescribed by the Government and adhered to once new acquisitions were materialised and the IAF would not operate with any shortfalls as on date, thereby eliminating any compromise with security considerations.
- (vi) Observing the obsolescence of Air Defence radars and the urgent need for their upgradation/modernization, the Committee recommended that the Ministry should ensure that all upgradation programme of AD system are taken up without any further delay to avoid cost escalation and to ensure that operational efficiency is maintained at all times.
- (vii) Noting the requirement of spares for Aircraft on Ground (AoG) to be mandatorily met within 24 hours, the Committee recommended that the provisioning reviews to be put in place for spares should be made more efficient so that delays in overhauls, servicing and clearing Aircraft on Ground (AoG) are completely eliminated.
- (viii) Taking note of the fact that several discrepancies were existing in the procurement of special clothing and mountaineering equipment, the Committee found that the procurement process was fraught with serious delays at every stage impacting on the timely availability of adequate clothing and equipment each time during deployment of troops to Siachen.
- (ix) Taking into account all the shortcomings in the procurement process, the Committee recommended that the entire procurement procedures be revised so that from the time of recognizing the need for procuring clothing and mountaineering equipment etc. till these are finally delivered to the end users is minimized to the maximum extent consistent with ensuring transparency in procurement process and quality of equipment needed.
- (x) Noting with concern that Army HQ has not formulated any General Staff Quality Requirement (GSQR) for special clothing and mountaineering

equipments, the Committee urged upon the Ministry to take appropriate steps within a timeframe to formulate GSQR as well as important qualifying specifications of all items of special clothing and equipments for ensuring purchase of quality items required for protection of troops deployed in hostile climatic conditions. The Committee also recommended that domestic production capabilities be strengthened at least in the public sector, even if the Indian private sector is not forthcoming ostensibly due to lack of economic viability considerations.

- (xi) Noting with concern the high rate of rejection of defence equipment/spares, the Committee recommended that the trend of pre-dispatch inspection should invariably be followed and enforced and in case of rejections, recovery of payment should be made. The Committee, therefore, desired that efforts for recoveries should now be made in all cases of rejected stocks and action taken thereon be reported to the Committee.
- (xii) Dismayed to learn that a country which is capable of successfully launching satellites, manufacturing missiles, tanks and other state-of-the art defence equipments, the Committee desired that the Ministry should explore all possibilities to enhance domestic manufacturing capabilities in the area so that the defence of the country is not compromised in matters of socks, jackets, boots etc. and other requisite equipment required for the troops at high altitudes.
- (xiii) Noting with concern that prevailing system of lease execution of defence land is afflicted with systemic loopholes, the Committee observed that the Ministry of Defence have not yet put in place a systematic mechanism for streamlining their lease execution/renewal process. Viewing this to be a serious lacunae requiring immediate/urgent attention of the Ministry, the Committee urged upon the Ministry to furnish detailed information regarding follow-up action taken on all the cases where the request for lease renewal was received and also the action taken in respect of the remaining cases alongwith the reasons for non-initiation of any appropriate action wherever necessary.
- (xiv) Noting the importance of strengthening the lease execution and renewal system in the Ministry of Defence, the Committee desired that the Ministry needs to evolve an effective mechanism to ensure that all field offices of Director General of Defence Estates (DGDE) prepare a proper record of the details regarding execution of defence lease deeds and maintain a calendar for disposal of cases of lease renewal to help identifying leases which will become due for renewal in the near future and timely action for renewal. The Committee further recommended that the Ministry to identify all cases of lease of defence land or other properties pending for more than six months and prescribe a time frame within which such long pending lease agreements should be finalized by the Ministry.
- (xv) Dismayed at the huge difference between the annual rent received by the Ministry from their leased out land and the market value of the same, the

Committee recommended the Ministry to adopt a policy of renewing the leases on due dates with an inbuilt clause for reasonable enhancement of rates every five year.

5. The Committee deplore that the Ministry of Defence took almost eleven months in furnishing the complete replies against the stipulated time frame of six months. Obviously, such an inordinate delay constitutes a sad reflection on the functioning of the Ministry of Defence.

6. The Action Taken Notes furnished by the Ministry of Defence in respect of all Observations/Recommendations of the Committee contained in the Report have been reproduced in the relevant Chapters of this Report. In the following paragraphs, the Committee deal with the Action Taken by the Government on the Observations/Recommendations made in the Original Report which need reiteration or merit comments.

**A. Fixing of Responsibility in Procurement Procedures
(Recommendation Para No. 17)**

7. While scrutinizing the subject in detail in their Twelfth Report, the Committee had observed that fixing of responsibility is a very important step for correcting the acts of omission and commission. Accordingly, the Committee desired that the Ministry should fix the responsibility on all concerned who were found to be responsible for flaws in procurement procedures, technical evaluations and rejection of ordered clothing and equipment. Further, the Ministry was urged to inform the Committee about the steps taken in this regard within a period of six months alongwith the corrective measures initiated thereon.

8. Elaborating on the action initiated in this regard, the Ministry of Defence has *inter alia* stated as under:—

"Procurement of Special Clothing and Mountaineering equipment were done taking steps in vogue that time to ensure safety of the troops and meet operational requirements. Over the years, continuous efforts have been made to improve and fast-track the procurement procedures ensuring transparency in procurement process and quality of items needed. In any case, items those did not meet the technical specifications and user's requirements had to be rejected. In view of such rejection of items in India, policy has been formulated for Pre Dispatch Inspection in supplier's country. It has no financial implications as all required inspections and tests are undertaken before dispatch in the seller's country.

Moreover, rejection of items on Pre Dispatch Inspection/Joint Receipt Inspection throw a light on the robust functioning of the system put in place for quality assurance and is not necessarily a flaw in the system. However, the Ministry has been taking appropriate action against any deviation from the procedures laid down. Besides, several remedial steps for quality and timely availability of items have been taken by Ministry of Defence to streamline the procurement procedure one of which is constituting an Empowered Committee

on Special Clothing and Mountaineering Equipment in 2007. The same has been acknowledged by the Committee in Paras 13 and 15 of part II of its report."

9. With regard to the steps initiated to streamline the process of procurement of special clothing and mountaineering equipment, the Committee has been apprised by the Ministry that over the years, continuous efforts have been made to improve and fast track the procurement procedures ensuring transparency in procurement process and quality of items procured. Further, the Ministry has *inter alia* stated that rejection of items on Pre-Dispatch Inspection/Joint Receipt Inspections 'throws light on the robust functioning of the system put in place' for quality assurance and denied any systemic flaw. The Committee, however, note with concern that the Ministry has not mentioned any specific remedial measures taken after the constitution of an Empowered Committee in 2007. The Committee find the reply of the Ministry vague and evasive as it is totally silent on the aspect of fixing responsibility for the evident flaws in procurement procedures, technical evaluations and approvals of ordered clothings and equipment. The said Empowered Committee on special clothings and mountaineering equipment was constituted in 2007 whereas the 12th Report of the Committee was presented to Parliament on 29th April, 2010. Worse, the Committee note with distress that the reply of the Ministry is conspicuously silent on fixing the responsibility for the flaws/violations already brought out in the 12th Report. The Committee, therefore, reiterate their earlier recommendation that responsibility be fixed on all concerned for the violations of procurement procedures, technical evaluation procedures etc. They would also like to be informed of the steps taken in this regard within the next six months.

**B. Renewal of Leases of Defence lands
(Recommendation Para No. 18)**

10. While scrutinizing the subject in detail, the Committee noted that the Director General of Defence Estates (DGDE) is entrusted with the responsibility to manage the defence lands (about 17 lakh acres) both inside and outside the Cantonments. The vacant or unused land is leased out by the Ministry of Defence to various public and private users at different locations. The Committee had found glaring inaction on the part of the Director General of Defence Estates with regard to the lease of Defence lands causing delays ranging from six to thirty six years (as on December 2006) in renewal of leases of Defence lands occupied *inter alia* by Madras United Club at Chennai, Indian Oil Corporation at Jabalpur, State Bank of India at Avadi, Indian Oil Corporation and Hindustan Petroleum Corporation Ltd. at Belgaum. This resulted in non-recovery of substantial amount of rent and premium of several crores of rupees and loss of interest thereon, the exact value of which was yet to be assessed. In all these four cases, the lease period had already expired and the lessees have been occupying the defence land without paying any rent or with valid lease. The Committee had also observed that after the expiry of the original lease period, the lessees had requested for extension of the lease period but due to serious procedural delays and a rather casual approach on the part of the authorities concerned in initiating the finalization of renewal of the leases, inordinate delays had occurred in renewal of the leases. In this regard, the Committee have been informed that the Ministry issued instructions on 25.06.2007, 12.09.2007 and 15.01.2008 for renewal of leases following

which leases in respect of Madras United Club, IOC Jabalpur, IOC Belgaum and HPCL Belgaum, had been renewed upto 31.12.2007, 04.11.2006, 20.06.2011 and 05.12.2010 respectively, while the case pertaining to SBI Avadi is still under renewal process. No further renewals have been executed in the cases of Madras United Club and IOC Jabalpur though these entities continue to occupy the plots of defence land unauthorisedly. The Committee had also observed that the much belated execution of lease renewal cannot be condoned and the inexplicable delays/inaction/lapses on the part of the concerned officials have to be accounted for.

11. Enumerating the various steps taken in this regard, the Ministry of Defence in their Action Taken Notes has stated as under:—

"DGDE is responsible for management of defence lands which are specifically placed under the management of Cantonment Boards and Defence Estates Officers and other user agencies of the Ministry. A-1 defence land is placed under the management of AHQ. All vacant or unused land is not leased out by the Ministry of Defence. Only some of such land is thus leased out and that too in public interest. Further, renewal of leases is done in consultation with service HQ and after the approval of Ministry of Defence. DGDE is authorised to grant lease only in respect of Petrol Pumps of IOC etc. and Director DE the Commandants are competent to renew certain leases providing for a renewal clause. Renewal of leases is a complex procedure involving extensive consultation among the lessee, Cantonment Boards, DEO's, LMA's, HQ Commands, Dte. DE Commands, DGDE, Service HQs and Ministry of Defence which leads to delay. Further, there are variety of factors contributing to delay such as the lessee not making application for renewal, disputes among legal heirs of deceased lessees, breach of terms of the lease, mutation not being carried out due to defects in transfer documents, sub division of sites, etc. These factors cumulatively cause delays. Such delays cannot be attributed to any individual or organisation in isolation. However, there is no loss to the State as arrears of rent are recovered upon renewal of lease. Instructions have been issued by the DGDE *vide* letters No. 723/A/2/L/DE/2007 dated 25.06.2007, 12.09.2007 & 15.01.2008 (Annexure-I) to streamline the above procedure and to eliminate such delays wherever possible. The lease in respect of Madras United Club has expired on 31.12.2007 and rent etc. recovered. It has been decided by the Ministry in April 2010 not to renew the same further as the land is required by the Army for Married Accommodation Project, Phase-II. The matter regarding fixing of annual rent for execution of fresh lease/ agreement is being negotiated with SBI, Avadi by Heavy Vehicle Factory. Lease in respect of IOC at Jabalpur has been renewed upto 03.11.2011. Lease of three sites in respect of IOC at Belgaum have been renewed upto 22.01.2010, 24.10.2010 and 20.06.2011. Lease of two sites in r/o HPCL at Belgaum has been renewed upto 22.07.2009 and 05.12.2010."

12. With regard to the management of defence lands, the Committee have been informed, *inter alia*, that there are several factors which cumulatively cause delays and such delays cannot be attributed to any individual or organisation in isolation.

The contention of the Ministry that there was no loss to the State as arrears of rent were recovered upon renewal of lease is not acceptable to the Committee as the Ministry had recovered only the arrears of rent but not the cumulative interest accrued thus causing loss to the public exchequer. The Ministry informed that the lease in respect of Madaras United club was not renewed as the land was required by the Army for its Married Accommodation project. The Ministry further informed that the leases of IOC at Belgaum & Jabalpur have already been renewed and with regard to the SBI, Avadi the annual rent for execution of fresh lease/agreement was being negotiated by the Heavy Vehicles Factory. The Committee therefore recommend that the Ministry expedite the process of fresh lease/agreement in regard to the SBI, Avadi, streamline and overhaul their systems and procedures and remove structural bottlenecks in order to ensure prompt/timely renewal of leases in the future to avoid pecuniary loss to the Government.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

The Committee note that the figures supplied by the Ministry of Defence in regard to number of audit paragraphs pending with Ministry does not tally with the figures supplied by the Department of Expenditure (Monitoring Cell) and Audit. While the Monitoring Cell had indicated the number of pending paras as 202, the Ministry of Defence stated it to be 212. Audit, has, however, shown this figure as 229. The Committee desire that this discrepancy in the number of pending audit paragraphs should be settled by the Ministry of Defence in consultation with the Audit and the Monitoring Cell and correct figures intimated to the Committee whilst furnishing the action taken replies on this Report.

[Para 3 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
(15th Lok Sabha)]

Action Taken

The total number of pending paras of Ministry of Defence is 173 as on date. This is in conformity with the Audit and Monitoring Cell.

The Committee note with concern that the Ministry of Defence did not have a clear idea on the methodology to be followed by them in furnishing the Action Taken Notes to the Committee. This is evident from the fact that the Special Secretary and Director General Acquisition candidly admitted before the Committee that in the opinion of the Ministry, ATNs were not required to be sent to the Committee that in regard to the Audit Chapter on 'Functioning of ADGES Radar in Signals Units in the Indian Air Force' as the Committee had selected this Subject for examination in 2009. Although, it is a fact that Committee had selected this Audit Chapter/Para in January, 2009 and a questionnaire was issued to the Ministry, but the reply to this questionnaire was received only in December, 2009. Here, it is pertinent to note that the Performance Audit Report on the subject was tabled in Parliament in October, 2008. This subject was subsequently dropped by the Committee and no evidence was taken. The Ministry cannot be absolved of this responsibility on the ground that the subject was selected by the Committee and so no ATNs were required to be furnished. The Committee feel that even though, the replies sent in response to the Committee's questionnaire were not the proper ATNs but even in case these were to be treated as substantive ATNs. These were substantially delayed and were furnished by the Ministry after 14 months, which is unacceptable.

[Para 4 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
(15th Lok Sabha)]

Action Taken

The confusion in the Ministry due to processing by different wings has now been resolved. The delay caused on account of this is regretted. Corrective steps have now been taken to avoid recurrence of such errors leading to delays.

The Committee are constrained to observe at the absence of coordination within the Ministry in regard to the furnishing of ATNs. In his own admission, the Special Secretary and Director General, Acquisition stated that their Department has sent the ATNs upto May, 2008 to the Ministry of Defence probably implying that the wing which is supposed to collect and furnish ATNs from all the wings of the Ministry of Defence and that their Department cannot furnish them directly to the Committee. Furnishing the ATNs in respect of Audit Paragraph on 'Procurement of Special Clothing and Mountaineering Equipment' apparently demonstrate a casual approach on the part of the concerned officials of the Ministry of Defence as is evident from the fact that the audit para on this subject was received in the last week of March, 2008 and the draft ATN was sent to the DGADS on 10.11.2008, after a lapse of eight months. Eventually, this paragraph was sent to audit on 12.2.2010 *i.e.* after 23 months, whereas the procedure stipulates that these are to be sent within four months. The Committee, therefore, recommend that immediate and effective action to be taken by the Ministry to streamline the process to deal with Audit Reports/paras within the Ministry. The Ministry should endeavour to reply to all audit observations within the timeframe laid down for the purpose and should not spare any effort to furnish the ATNs to the Audit as prescribed. It is imperative that the Ministry view the ATNs not as a mere formality and submit proper explanations on the remedial measures taken with the timeframe of four months. The Committee, in this regard desire that reasons for the delay in furnishing ATNs to Audit should be investigated and accountability ensured. The Committee would also like to be intimated about a specific timeframe by which the backlog of the pending ATNs would be cleared.

[Para 5 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
(15th Lok Sabha)]

Action Taken

Ministry takes observations of the Committee with all seriousness with regard to furnishing ATNs. Whenever lapses occurred, systemic steps are being taken to correct the lapses. However, sometimes delays have resulted due to coordination between different wings of the IAF and within MoD leading to delays and inability to meet the timeframe laid down. The Ministry have also been sending ATNs to Audit at regular basis. The pendency of audit paras as on 31.3.11 from Air side is 42 (30 from revenue procurement side and 12 from air acquisition side). A total of 14 (11 revenue + 3 acquisition) audit paras were settled finally in the year 2010-11 by the MoD Air wing. A total of 9 paras (6 Revenue and 3 Plan) have already been finalised and are awaiting Hindi translation.

The Committee observe that the Air Defence is critical to the nation's security. Even so, IAF possess less than the adequate number of surveillance radars needed for providing efficient and reliable detection. The Committee are surprised to note that none of the Air Defence Ground Environment System (ADGES) Plans prepared after 1971 received approval of the Government although some components have been sanctioned on a piece meal basis. In totality, a serious mismatch exists between availability and IAF's requirements of Radars System. Although the Ministry have intimated that a long term perspective plan which includes ADGES Plan for the period covering upto 2022 has been formulated but it is not clear whether the plan is as yet operational or not. The Committee are seized of the fact that several contracts for different type of radars have been signed and several cases for procuring the Radars are under process. This includes a project on Integrated Air Command Control System, which would become operational by 2010. The Committee are constrained to point out that even though contracts have been signed in this regard, the officials could not provide scheduled dates of delivery for the Radars and also by when these would be eventually commissioned and to what extent do these procurements fill the existing gap in the Air Defence system and how will the present threat perception be addressed.

[Para 6 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
(15th Lok Sabha)]

Action Taken

In the past, different studies on assessment of requirement and deployment of Air Defence Assets were conducted by Committees formed by the IAF. On the basis of the recommendations of these Committees, plans for procurement of Air Defence Assets were finalized and projected in Long Term Perspective Plans. The approvals for procurement of Air Defence Radars from Government are sought as per the Long Term Integrated Perspective Plan (LTIPP). The procurements of ADGES radars is being done as per approved LTIPP. The scheduled dates for delivery and commissioning of radars could not be provided during Oral Evidence as the information was not readily available at that time. The schedules for delivery and commissioning of radars always find place in the contracts. Information pertaining to delivery schedules of radars of the finalized contracts is as follows:—

- | | |
|---|---|
| (i) Medium Power Radar
(MPR) (Qty-15) | — Apr. 11 to Dec. 2012 |
| (ii) Low Level Transportable Radar
(LLTR) (Qty-19) | — Feb. 12 to Mar. 2015 |
| (iii) Rohini (07) | — Delivered (Aug. 08 to April 2010) |
| (iv) Rohini (30) | — Feb. 11 to Sept. 2015 |
| (v) Low Level Light Weight
Radar (LLLWR) (Qty 15) | — Jun. 10 to Feb. 11 (delivery of two
radars will be completed by Apr. 2011) |

- (vi) Integrated Air Command Control System (IACCS) — IACCS nodes at Barnala and Jodhpur operational *w.e.f.* 04 Nov. 2010 and 05 Mar. 2011 respectively.
 Wadsar—Site Acceptance Test in progress.
 Ayanagar—PDC May 11

Following the receipt of the systems at designated consignee port, acceptance inspection and testing is undertaken before commissioning. It takes approximately 10 to 45 days to complete the commissioning process, depending upon the complexity of the system, location of installation site, weather conditions etc.

Acquisition of Air Defence Systems to meet the current and projected threat perceptions has been adequately planned till 2027. These acquisitions are phased out across different plan periods based upon the deployment plans.

The Committee are of the view that existence of formulated and approved plans for timely acquisition, maintenance and replacement of existing assets is absolutely essential to ensure full satisfaction of the critical needs of the Defence establishment. The Committee recommend that Planning of acquisitions and deployment of AD radars be done well in advance, in a manner that would ensure timely purchase as per procurement plan and also take care of emergency requirements so that critical requirement of the armed forces are always satisfied consistent with the need to ensure transparency of procurement procedures. The gap in the Air Defence System in the past is a matter of concern. Non-sanctioning of the ADGES Plan and the procedures of procurement of radars etc. indicate systemic deficiencies which need to be rectified by the Ministry. The Committee, accordingly, feel that the Ministry should review its planning/procurement processes to address the concerns raised here above.

[Para 7 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
 (15th Lok Sabha)]

Action Taken

Air Defence (AD) is a complex mix of Radars, Weapons, UAVs and other airborne surveillance. It has been maintained at all the times in a manner that AD requirements of the country are not compromised. Air Defence assets are replaced, modernized and enhanced as per the dynamics of threat perceptions. In order to enhance our Air Defence, a number of projects have been initiated towards procurement of various radars. These procurements are an integral part of the Long Term Planning.

The radars that are being procured by the IAF include Mountain Radars, Long Range Surveillance Radars, Medium Power Radars, Low Level Transportable Radars, 3D Rohini radars, Low Level Light Weight Radars and Aerostats. These radars have the potential and capability to increase detection ranges and hence would enhance AD capability. In order to ensure timely availability, radars are procured from different sources. The Defence Procurement Procedure (DPP) has been revised from time to

time to make defence procurements more efficient and to match processes with requirement of the forces. The DPP has been recently revised and DPP-2011 is being followed. While noting the concerns of the Committee, it is conveyed that requirements and processes to meet these requirements are constantly reviewed in order to streamline the planning and procurement process.

The Committee observe that signing of contracts is only the first step in ensuring that Air Defence related security requirements are met. The Committee recommend that procurement of the Radars and equipments for which contracts have been signed are completed within the stipulated time frame and without delays. To be specific, the Committee would like to emphasize that Commissioning/installation of Medium Power Radars (MPRs)/Low Level Transportable Radars (LLTRs) and completion of associated civil and development projects be expedited so that gaps in provision of AD assets can be avoided. The Committee would also like to be kept informed about the necessary steps taken in this regard.

[Para 8 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
(15th Lok Sabha)]

Action Taken

Induction and operationalisation of radars has been done successfully as per the procedures by the IAF. The induction of 15 Medium Power Radar (MPR) and 19 Low Level Transportable Radars (LLTRs) will commence from April 2011 and February 2012 respectively. The commissioning and installation of MPR and LLTRs would be done expeditiously, following the inspection and testing procedures mentioned in DPP. The work services and other preparations for induction of first four MPRs have already been completed. At other locations it is being progressed expeditiously. Induction of LLTRs are also being progressed simultaneously to complete before commencement of delivery of the system.

The Committee have learnt of the frequent break downs of the existing old radars and non-availability of spares etc. They also note that hours of watch allocated to the units of all types of radars are much below the hours prescribed for these units. The fact that additional radars are being procured itself indicates that the present position regarding planned hours versus what is actually being achieved by existing radars is not adequate for proper air defence coverage of the country. The Committee recommend that utilization of radars in terms of watch hours may be enhanced through timely replacements, upgradations and efficient product support. It may be ensured that watch hours as prescribed by Government are adhered to once new acquisitions materialise and the IAF does not operate with any shortfalls as on date, thereby eliminating any compromise with security considerations.

[Para 9 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
(15th Lok Sabha)]

Action Taken

The serviceability percentage of the radar is being kept as high as 98%. This indicates optimum availability of the systems for operational exploitation excluding break down and maintenance hours. As the serviceability of radar have been 98%, the break down/maintenance time for only 2% is considered highly satisfactory for a radar system. This also suggests that adequate spare support was available to maintain the system. Watch hours/utilization of radar is decided on the basis of threat perception in the area of operation. The issues of upgradation of system, product support and serviceability have never come in the way of utilization of radars.

The Committee also observe that Air Defence radars are facing obsolescence and need urgent upgradation/modernization. The response of the Ministry that the Defence Procurement Procedure is being followed and time taken in processing acquisition cases has been reduced does not satisfy the Committee given the hostile environment in which we live. The fact remains that the need for defence preparedness and capability was never so acute as it is today. It is, therefore, essential that the purchases are timed and so sequenced that the armed forces are never short of their requirements. In this context, the Committee recommend that the Ministry should ensure that all upgradation programme of AD system are taken up without any further delay to avoid cost escalation and to ensure that operational efficiency is maintained at all times.

[Para 10 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
(15th Lok Sabha)]

Action Taken

The Ministry concurs with the concern of the Committee on Air Defence. The nation's preparedness in terms of Air Defence has always been kept high. However the threat perception is dynamic in nature. Accordingly, upgradation programs for AD System are planned and executed in advance, keeping in view the envisaged lead time for procurement of the systems. The upgradation programmes are accorded top priority to avoid cost escalation and to ensure maximum operational efficiency at all times.

New acquisitions for upgradation of Air Defence systems are included in Long Term Perspective Plan (LTPP)/ Long Term Intergrated Perspective Plan (LTIPP) and are taken up as per schedule to avoid cost escalations with main focus on operations.

The upgradation of existing old sub-systems are taken up according to the requirement and feasibility. Accordingly, following sub-systems have been upgraded:—

- (i) Few sub-assemblies of Thomson Houston Design (THD), Thomson Radar Series (TRS) and Pulse S band Mobile (PSM) Radar.

- (ii) Data handling system of PSM, TRS and THD radars using Commercially Off The Shelf (COTS) items.
- (iii) Integration of Friend or Foe (IFF) system of THD Radars.
- (iv) Few select sub-subassemblies like display consoles, cooling system, data processing etc. of Indian Doppler Radar (INDRA) radar.

The Committee note that against the requirement of spares for Aircraft on Ground (AoG) which are mandatorily to be met within 24 hours so that the equipment is repaired and made serviceable at the earliest, only 0.4 per cent of AoG demands were met within 2 to 30 days. The Committee are informed that provisional reviews were being carried out by the Ministry to cater to spares for Aircraft on Ground for a period of 21 months and a lead time of 18 months for the supply. The Committee, therefore, desire that the provisioning reviews put in place for spares should be made more efficient so that delays in overhauls, servicing and clearing Aircraft on Ground (AoG) are completely eliminated.

[Para 11 of the Part II of 12th Report of the Public Accounts Committee 2009-2010
(15th Lok Sabha)]

Action Taken

IAF has both old and new radars in its inventory. However, due to rapid changes in technologies resulting in obsolescence, the lead time for procurement of spares for old radars is considerably high. However, efforts are being made to reduce it to the minimum.

Since ADGES radars are old, at times the spares for these radars are not available with BEL (GAD) due to obsolescence. BEL (GAD) is the only supplier for ADGES radars and these items are not readily available in the local market. This has led to longer time delays in some cases, despite the best efforts.

Provisioning Reviews (PRs) are carried out to cater for requirement of spares for 21 months. These reviews are based on the past consumption pattern. The PRs also take into consideration that non-moving inventory is not created by over provisioning. At times, due to various unforeseen reasons like unpredictable failure pattern, no fixed life of electronic items, no fixed time between overhaul etc., there are changes in the requirement of spares over and above the forecasted stock of spares. However, efforts are always made to keep such changes in the requirements to bare minimum. In such situations, items on Aircraft on Ground (AoG) demand are progressed on fast track process. At times, these items have long lead times, resulting in delay of meeting the AoG demands. Around 91% of AoGs were met in 6 months. A firm plan for the MOH and IRAN servicing for the ADGES radars have been put in place. The contracts/supply orders with M/s BEL (GAD) have already been signed and are in various stages of implementation for following radars:—

- (i) Inspection Repair As Necessary (IRAN) of INDRA I
- (ii) Inspection Repair As Necessary (IRAN) of INDRA II

- (iii) Major Overhaul (MOH) of TRS
- (iv) Inspection Repair As Necessary (IRAN) of THD

To avoid processing delays, a Government sanction has been given to take up repairs costing less than 30% with BEL (GAD) for a three year period.

Several steps have been put in place to overcome the non-availability of essential spare due to obsolescence. The process of Life Time Buy (LTB) is initiated well in advance. In addition, wherever feasible, the indigenisation/development through local vendors are also been undertaken. In addition the concept of Limited Urgent Repair (LURE) has been introduced. The concept is aimed towards retrieving the critical systems at the earliest with readily available resources. To ensure availability of spares at the fields units and depot, regular Provisioning Review (PR) and Special Review (SR) are being undertaken.

Integrated Material Management On Line System (IMMOLS) has been commissioned to provide the Visibility at all levels for all stakeholders to intervene for early materialisation of any pending demand. The IMMOLS network has helped the field units in meeting their critical requirement at a faster pace. It enables the global view of all the spares required at critical time and materialised through the allocation system at higher formations. It ensures all the inventories are accurate and materialise all the demands at a fast pace. This has ensured proper spare management at the system level.

Ministry of Defence

Observation/Recommendation

A close scrutiny of the examination of the subject on "Procurement of Special Clothing and Mountaineering Equipment" has revealed several deficiencies which merit the attention of the Committee. The Committee learn that the special clothing and mountaineering equipment are provided to the troops posted in the extreme cold climate conditions in Siachen, Kargil, Sikkim etc. to cater to the needs of forces at high altitudes. Out of 55 items authorized, 19 critical items such as down feather jackets, trousers, sleeping bags, multipurpose boots, woolen socks, rucksack etc. were being imported as no indigenous source was available. Special clothing is a vital requirement of the troops deployed in extreme cold climatic conditions like in Siachen Glacier. The Committee are dismayed to learn that despite the fact that Army HQ has been procuring these clothing items for over two decades, the procedure for formulation of technical specifications, evaluation of offers and selection of vendors have not been streamlined so far. The whole approach towards procurement of such supply appears casual so that neither quality nor timely availability of critical items could be ensured thereby comprising safety as well as comfort of the troops deployed in harsh climatic conditions. The Committee also learnt that there were 388 casualties reported due to cold injuries such as frost bite, chill-blinds etc. The examination of the subject revealed that out of ten contracts

concluded during 2002-06 valuing Rs. 28.81 crore (59%) were rejected either in receipt inspection or by end users. The committee find that the procurement process was fraught with serious delays at every stage impacting on the timely availability of adequate clothing and equipment each time during deployment of troops to Siachen. From the time of raising of demand to the delivery of items to the troops, it took 32 months. This was mainly because of the server delay in trial evaluation, finalization of specifications by DGQA, tendering and signing the contract.

[Para 12, Part II of the 12th of the Report of Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Procurement process of items of special clothing and mountaineering equipments require to meet quality conditions as per requirements and therefore, has to follow the certain laid down procedures including formulation of technical specifications, evaluation of offered technical specifications, trial-evaluation of selected samples, selection of vendors, negotiations with the L-1 vendor, Pre-dispatch Inspection of stores etc. Accordingly, QRs as per the safety and operational requirements of the items of Special Clothing and Mountaineering equipment have been formulated by Army Headquarters. Broad technical specifications in respect of 13 items of Special Clothing and Mountaineering Equipment out of 19 *items being procured ex import have been* formulated by DGQA. Specification for the remaining 6 items have still not been formulated mainly because of the fact that these items are being procured on single vendor basis based on specifications formulated in consultation with technical literature provided by the vendor and by reverse engineering of their product. As only one vendor is supplying the product, sufficient data for technical parameters are not available to formulate a generic specification. Moreover, preparing generic specification based on data of the lone vendor may lead to legal complications later. As such, preparation of generic specification in respect of the remaining 6 items is kept in abeyance till vendor base for these items are expanded and sufficient data become available for different technical parameters.

Evaluation of technical specifications is conducted by DGQA(S). The samples from the prospective firms are trial evaluated by users in field. DGQA makes specification of trial evaluated samples of those stores which are found acceptable by user, based on broad technical requirement. This process ensure that troops deployed in Siachen Glacier would get only such items which can withstand the extreme climatic conditions prevailing there.

With the change in technology and threat perception, review of the specifications are done and various equipments which are already in service, need to be replaced by newer variants or offered by vendors to incorporate advancements in technology. This includes validation trials/testing.

A systematic and transparent system for identification of vendors is followed. Samples of special clothing obtained by publishing an expression of interest are trial

evaluated under actual condition. The manufacturer, whose product is recommended after an elaborate system of trial evaluation, is included in the Approved Vendor list. We now have vendors from almost all the countries listed in CAG report like Norway, Sweden, Germany in addition to USA and Italy.

With the view to fast-track the procurement of special clothing items, an 'Empowered Committee' has been constituted under the chairmanship of MGO in August, 2007 to procure the critical items of Special Clothing of fast track basis. The Empowered Committee follows the collegiate vetting route to reduce the time required for processing the cases. Special dispensation has been given by the MoD in July, 2010 in respect of exercising 'Repeat Order'/'Option Clause' to procure upto 100% of the original quantity contracted. This will lead to better flexibility of source of supply and will contribute to streamlining of procurement procedures.

Observation/Recommendation

The Committee have been informed by the Ministry that for streamlining the procedure, the time limits have now been compressed from 32 months to 14 or 15 months. Taking into account all the shortcomings in procurement process, the Committee recommend that the entire procurement procedures be revised so that from the time of recognizing the need for procuring clothing and mountaineering equipment etc. till these are finally delivered to the end user is minimized to the maximum extent consistent with ensuring transparency in procurement process and quality of equipment needed.

[Para 13, Part II of the 12th of the Report of Public Accounts Committee
(15th Lok Sabha)]

Action Taken

To ensure safety of the troops and quality of the items as per operational requirements certain procedures had to be followed and inspection/trials of the items as per the required norms had to be done. Previously the user trials were done only in peak winter months to completely meet the performance parameters resulted in a very limited trial window in a year. In case, of delay in supply of samples by the vendor/non receipt due to inclement weather by the troops, the trials would be delayed by a complete year. Further, in case of non-passing of user's trial of stores the entire lot had to be rejected which led to delay in procurement of the item.

In order to fast-track the procurement process and shorten the procurement process to the permissible limit, the following steps have been taken:—

- (i) An Empowered Committee has been constituted under the Chairmanship of MGO, to meet emergent requirements of Special Clothing and Mountaineering equipment. The committee procures the critical items of Special Clothing on fast track basis and is following the collegiate vetting route to reduce the time required for processing the cases.

- (ii) Instructions have now been passed to conduct user trials throughout the year in the areas where snow cover and temperature conditions meet the user requirements as against the earlier system of trials only in peak winter months.
- (iii) a Pre-dispatch Inspection (PDI) team carries out evaluation of technical specifications in vendor's premises in internationally accredited laboratories. Rejection in bulk supply has reduced considerably since the system of PDI has been adopted. The supplier ensures a high standard of adherence to qualitative requirement as the financial loss due to rejection of stores on technical evaluation in the Supplier's country is born by him.
- (iv) Special dispensation has been given by the MoD in July, 2010 in respect of exercising 'Repeat Order' 'Option Clause' to procure up to 100% of the original quantity contracted. This will lead to better flexibility of source of supply and will contribute to streamlining of procurement procedures.
- (v) Periodic review of the procurement system is being carried out to streamline it and make it as short as possible within the requirement of quality, transparency and provisions of DPM.

Observation/Recommendation

The Committee note with concern the high rate of rejection of defence equipment/spares as brought out in the earlier paragraphs. The Committee find that in majority of cases, technical specifications had been worked out based on the sample accepted by the user at the time of bulk supply. Accordingly, the vendor deviated from the given specifications on several occasions. Of these deviations, even if it was one parameter out of several odd parameters on which that were to be tested, the item was rejected as having not met with the laid down specifications. In this regard the Committee have been informed that as of now, the Ministry are carrying out a pre-despatch inspection (PDI) as against a joint receipt inspection (JRI) which was in force earlier, prior to 2007. In addition to pre-despatch, stage inspection could also be carried out. Since the Pre-despatch Inspection is being carried out from 2007, rejection also takes place in the host country itself, the stocks are not delivered and there are no payments made. In this connection, the Committee can at this stage only recommend that the trend of pre-dispatch inspection should invariably be followed and enforced and in case of rejections, recovery of payments should be made. The Committee, therefore, desire that efforts for recoveries should now be made in all cases of rejected stocks and action taken thereon be reported to the Committee.

[Para 15, Part II of the 12th of the Report of Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Pre-Dispatch Inspection—The trend of Pre-Dispatch Inspection is being strictly followed for all procurements. The list of cases in which recoveries imposed for rejected items is as follows:—

Sl. No.	Contract Number and Date	Quantity and Stores	Cost	Details
1	2	3	4	5
1.	B/82253/2/TD /MGO/EM (GS&C)/PPO-3 dated 10 Apr. 2006	Down Trousers Qty. 4999	EURO 306238.74	<p>The stores were received without a PDI and rejected by JRI due to uneven filling of goose down in various compartments of the trousers to the extent that it would adversely affect the thermal insulation property of the stores.</p> <p>A quality claim was raised and pursued with the firm. The firm opened a workshop in Faridabad to repair the stores and has since repaired the rejected items. However, for the delay incurred, Liquidated Damages for an amount of EURO 3,871.63 have been imposed on the firm and recovered from them.</p> <p>The matter now stands resolved.</p>
2.	B/82253/2/JD /MGO/EM(GS &C)/PPO-3 dated 10 Apr. 2006	Down Jacket Qty. 5945	EURO 426533.75	<p>The stores were received without a PDI and rejected by JRI due to uneven filling of goose down in various compartments of the trousers to the extent that it would adversely affect the thermal insulation property of the stores.</p> <p>A quality claim was raised and pursued with the firm. The firm opened a workshop in Faridabad to repair the stores and has since repaired the rejected items. However, for the delay incurred, Liquidated Damages for an amount of EURO 7,501.46</p>

1	2	3	4	5
				have been imposed on the firm and recovered for them.
				The matter now stands resolved.
3.	B/82253/2/SB /MGO/EM(GS &C)/DO(CPS)/ 2004 dated 06 Jan. 2006	Sleeping Bags Qty 35580	USD 4365786.97	Sleeping Bags supplied by the firm were not as per the sealed sample. The Bags had been trial evaluated and the same were found not suitable for use at Siachen during winter months. MoD did not agree with the proposal to accept the Sleeping Bags for use at lower altitudes after imposing a penalty on the vendor. Army HQ was advised to direct the vendor to replace the Sleeping Bags failing which legal/arbitration proceedings would be initiated against the firm.
4.	B/82253/2/Proc/ RUCK/MG O/EM(GS&C)/ PPO-3 dated 05 Apr. 2002	Rucksacks 70 Ltrs Qty 17,380	USD 536520.60	The complete consignment was received in seven lots from 29 May 2002 to 09 July 2002 without PDI. Of these 16,635 pairs were accepted in JRI and 745 pairs rejected for the reason "Height variation from 704-705 mm against 730+10mm specified. The quantity claim for qty. 05 and quality claim or qty. 740 was raised and pursued with the firm. The firm has since replaced the rejected items. However, for the delay incurred, Liquidated Damages for an amount of USD 713.10 have been imposed on the firm and recovered from them. The matter now stands resolved.
5.	B/82253/2/Socks/ MGO/EM/ GS&C/PPO-3 dated 24 Dec. 2003	Socks Woolen Special Qty 4,27,833 pairs	USD 1,89,000.00	The complete consignment was received in five lots from 12 Mar. 2004 to 06 Nov. 2004 without PDI. Out of these qty. 1,59,242 pairs were accepted in JRI and 2,68,59 pairs rejected by the JRI for the reason "Less percentage of wool and

1	2	3	4	5
				lighter percentage of rubber in composition test than that specified".
				A quantity claim for 441 pairs and quality claim for 2,68,150 pairs was raised and pursued with the firm. The firm has since replaced the rejected items. However, for the delay incurred, Liquidated Damages for an amount of USD 591.57 have been imposed on the firm and recovered from them.
				The matter now stands resolved.

Observation/Recommendation

The Committee are dismayed to learn that a country which is capable of successfully launching satellites, manufacturing missiles, tanks and other State-of-the-art defence equipments is still struggling with the problem of a narrow vendor base in the procurement of special clothing mountaineering equipment and Boots. In the opinion of the Committee there are several Public Sector Undertakings, the Ordnance Factories and Defence Research and Development Organization (DRDO) who could be encouraged to manufacture these items even if there is no profit to be made on some on the items. The decision of the Ministry to produce them in Ordnance Factories under Transfer of Technology (ToT) is the right step in this direction but the underlying emphasis must be to ensure the creation of domestic capabilities whereby essential equipment can be produced in the country as per request. The Committee also, therefore, desire that the Ministry explore all possibilities to enhance domestic manufacturing capabilities in the area so that the Defence of the country is not compromised in matters of socks, jackets, boots etc. and other requisite equipment required for the troops at high altitudes.

[Para 16, Part II, of the 12th Report of Public Accounts Committee
(15th Lok Sabha)]

Action Taken

It has been the endeavour of the Ministry to indigenise the maximum number of items provided to the troops in the high altitude areas. 36 out of the 55 items have already been indigenised and only 19 items are procured ex-import. Ordnance Factories Board (OFB) has undertaken development through in-house development/ToT of

7 of these items viz., Sleeping bags, Jacket Down, Trouser Down, ECWCS(Gore-tex Suit), Gloves Outer (Modular gloves), Gloves Inner (Modular gloves) and Rucksacks (70Ltr.) and they are in various stages of development.

[Ministry of Defence, O.M. No. 526/DS(O)/2010, dated 02-12.2010]

Observation/Recommendation

Further, the Committee find that prevailing system of lease execution of defence land is afflicted with systemic loopholes. This perception is substantiated by the fact that out of 3780 total number of expired leases involving defence land of an area of about 2500 acres, requests for renewals were received in respect of 899 cases but no proper follow up action has been initiated. In 1800 cases where no request for lease renewal was received, the cases have not been pursued vigorously for eviction of the lessees who have since become trespassers in defence land. Further, in respect of the remaining 1081 cases, no status report has been submitted by the Ministry. The Committee are constrained to note that the Ministry of Defence have not yet put in place a systematic mechanism for streamlining their lease execution/renewal process. The Committee view this to be a serious lacunae requiring immediate/urgent attention of the Ministry. The Committee would also like the Ministry to furnish detailed information regarding follow up action taken on all the cases where the request for lease renewal was received and also the action taken in respect of the remaining cases along with the reasons for non-initiation of any appropriate action wherever necessary.

[Para 19 of the 12th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The grant of lease, their renewal and execution is a complex procedure involving extensive consultation among the Lessee, Cantt. Boards, DEOs, LMAs, HQ Commands, Dte. DE Commands, DGDE, Service HQrs. and Ministry of Defence. It is often beset with problems such as the lessee not coming forward for renewal, dispute among legal heirs of a deceased lessee, mutation not being carried out due to defects in transfer documents, breach of term of the lease, sub-division of sites etc. which cause delay in renewal. Instructions have been issued by Ministry and DGDE to streamline the above procedure and to eliminate such delays wherever possible. The Ministry/DGDE is seized of the issue and necessary corrective action is being taken. It is also intimated that 446 number of leases have been renewed/granted involving 358 acres and a sum of Rs. 58891418 (Rs. Five crore eighty eight lakh ninety one thousand four hundred and eighteen only) has been recovered on account rent and

premium, since the issue of instructions on 25.06.2007 in the jurisdiction of Dte.'s Southern, Eastern, South Western, Northern and Central Commands. In respect of Directorate of Western Command 53 number of leases for an area admeasuring 16.315 acres have been renewed/granted from 25.06.2007 to 30.06.2010 and rent and premium of Rs. 1,94,17,103/- (Rupees one crore ninety four lakhs seventeen thousand one hundred and three only) has been collected. Further, DGDE has issued fresh instructions *vide* letter No. 723/A/3/L/DE/2007 dated 26.11.2010 (Annexure-II) to all Directorates, Defence Estates to personally monitor the progress of renewal of leases and complete the same in respect of cases which can be renewed by Directorate/Cantonment Boards within two months. They have also been advised to depute officers who are well conversant with the cases along with relevant records to DGDE for finalising cases requiring sanction of MOD/DGDE.

Observation/Recommendation

As an essential part of strengthening the lease execution and renewal system in the Ministry of Defence, the Committee desire that the Ministry need to evolve an effective mechanism to ensure that all field offices of DGDE prepare a proper record of the details regarding execution of defence lease deeds and maintains a calendar for disposal of cases of lease renewal to help identifying leases which will become due for renewal in the near future and timely action for renewal. This will help in monitoring timely finalization/renewal of each and every lease before expiry of the previous lease. Besides, the unjustified delays in renewal of lease would be easily identifiable to enable early fixation of responsibility for such lapses and would serve as a deterrent for others. This would also prevent the unauthorized lessees from occupying defence land for long periods without valid lease agreements and the wastage of public money would be minimized drastically. The Committee further recommend the Ministry to identify all cases of lease of defence land or other properties pending for more than six months and prescribe a time frame within which such long pending lease agreements should be finalized by the Ministry.

[Para 20 of the 12th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Instructions have been issued by Ministry/DGDE for adopting a calendar for monitoring renewal of leases. As a result of this exercise, identification of such cases has been done and leases renewed wherever possible. Leases which could not be renewed for various reasons such as disputes among legal heirs of deceased lessees, mutation not being carried out due to defects in transfer documents, sub-division of sites, breach of terms, etc. are being monitored and efforts are being made to remove impediments in their renewal. The efficacy of this exercise will become fully

known in due course of time and the system may be further improved upon based on the input received from the field offices.

Observation/Recommendation

The Committee are dismayed to note that while the annual rent received by the Ministry from their leased out land was Rs. 213 crore, the market value of the land stood Rs. 11,033 crore. Long term lease rentals must be such as to give reasonable returns to the Government on the value of their assets. The Committee would like the Ministry to adopt a policy of renewing the leases on due dates with an inbuilt clause for reasonable enhancement of rates every five year.

[Para 21 of the 12th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Rent payable under leases are governed by the terms of the existing lease themselves. While some provide for a fixed rent, others provide for enhancement of rent at periodic intervals the amount of enhancement is also provided in the same. In existing leases, therefore, enhancement of rent every five years may not be feasible. However, the Ministry being seized of the matter that rent should be commensurate with various factors *viz.* market value of land, purpose of which lease is granted, revenue generated by the land to the lessee etc. is attempting in cases of fresh grant of lease, to link the rent payable to the gross income of the lessee such as in the case of Royal Calcutta Turf Club (RCTC) and Cricket Association of Bengal (CAB). The suggestion of the Committee for renewal of leases with an inbuilt clause for reasonable enhancement of rates every five years will be examined in respect of grant of fresh leases.

ANNEXURE I

TIME BOUND/PAC MATTER

No. 732/A/3/L/DE/2007

Government of India, Ministry of Defence
Dte. General of Defence Estates
Raksha Sampada Bhawan
Palam Road, Delhi Cantt.-110010

Dated: 25 June, 2007

To

The Principal Director, DE,
Ministry of Defence,
Southern/Northern/Eastern/Western/Central Command,
Pune/Jammu/Kolkata/Chandigarh/Lucknow.

Subject: *Regarding calendar for monitoring of expired leases: Renewable and non-renewable*

Reference: DGDE letter of even no. dt. 18.06.2007.

2. With reference to letter under reference it is necessary that a Time Bound programme is chalked out for completing the exercise for renewal of leases where renewal sanction is to be accorded by the PDDE/Cantonment Board. While all attempts should be made to complete the exercise at the earliest, however, the same should in any case be completed in 6 months. Special monitoring of the renewals should be done both at the CB/DEO level and in the concerned Directorates to ensure compliance.

3. Regarding leases where renewal is to be carried out under orders of the MoD/ DGDE, in the first instance, kindly furnish all necessary details under which proposals have been initiated seeking orders of the competent authority. In respect of cases where the proposals are yet to be initiated, it may be ensured that the exercise is completed within the next 3 months. Cases where a policy decision is required *e.g.* Cantt. Code leases, we have taken up the matter with MoD for issue of necessary policy guidelines which will be intimated as soon as they are finalised.

4. But the important thing is to ensure that all leases expiring in the next six months are immediately identified and necessary action taken for their renewal well in time so that defence land is not allowed to be occupied without due authority and payment of appropriate rent/premium. For this purpose it is proposed that a rolling calendar may be adopted by each Cantonment Board/DEO identifying all such leases expiring within the next 6 months, fixing the time frame for completing the actions

required to be taken for their renewal immediately on expiry of the leases. In respect of leases to be sanctioned under orders of the DGDE/PDDE/Cantonment Boards the following calendar may be adopted:

CALENDAR FOR RENEWAL OF LEASES

1. 6 months before expiry	Identification of leases and lessees be asked for their willingness to renew the leases
2. 5 months before expiry	Proposals initiated to the PDDE/DGDE for orders
3. 2 months before expiry	Sanctions accorded
4. Within 1 month of expiry	Execution of lease agreements

5. The above calendar should be a rolling Calendar reflecting the position of every ensuing 6 months' spell so that all leases are renewed in time. Cases where there are problems like ongoing litigation, non-availability of lessees, etc. etc. special efforts be made in such cases to overcome the problems. If necessary, such cases may be referred to the higher authorities for advice/directions well in time. Similarly cases of breach of lease terms have to be identified separately and cases initiated for condonation/regularisation of the breach or determination if warranted, well in time so that all action can be completed in the time frame given above.

6. Leases which do not have a renewal clause would require orders of the Ministry of Defence either for continuation of the lease or for determination of the lease and taking back the leased land. Some of these cases may require prior Cabinet approval as per the PMO's instructions. These cases involving grant of fresh leases, would therefore have to be identified separately, so that orders of the Govt. for grant of fresh leases can be obtained before the leases expire. Proposals in such cases should be initiated at least a year before the expiry.

7. To ensure that the leases are renewed in time, a suitable proforma, working as well as monitoring may be devised at the Directorate under intimation to this Dte. General. The monitoring of leases should be an essential part of the inspection of the concerned Inspecting Officers. A monthly report separately in respect of cases of leases that are expired and those that are due to expire giving the status of their renewal and action taken as per the above calendar may be furnished to this Directorate General by the 10th of each month by FAX.

8. The performance of the field officers in this matter should be one of the criteria in evaluating their overall performance.

TIME BOUND/PAC MATTER

No. 723/A/3/L/DE/2007

Dte. General of Defence Estates
Government of India, Ministry of Defence,
Raksha Sampada Bhawan
Palam Road, Delhi Cantt.-110010

Dated 12 September, 2007.

To

The Principal Director, DE,
Ministry of Defence,
Western/Eastern/Central/Northern/Southern Command,
Chandigarh/Kolkata/Lucknow/Jammu/Pune

Subject: *Renewal of expired leases.*

Reference DGDE letter of even no. dated 25.06.2007.

2. Instructions were issued *vide* letter under reference for carrying out a time bound exercise for the renewal of expired leases. From the data of expired leases received with reference to the Audit Para under examination by the PAC it would appear that necessary cognisance has not been taken of the above instructions as no feed back in the form of monthly reports has been received about the progress achieved.

3. Guidelines have already been issued to expedite renewal of the leases. While reiterating the said guidelines and instructions for renewal of leases, the necessity for taking all necessary and practical steps for the same is again emphasised. The attempt should be to ensure that minor breaches of the lease terms or such lacunae do not stand in the way of the renewal of the lease wherever options have been exercised according to the terms of the lease. However, it has to be kept in mind that liabilities on the existing lessees on account of any statutory or administrative orders being violated would continue to be operative even after renewal of the lease. These too, should therefore not be allowed to become an obstacle for renewal. If the circumstances so require, a specific mention may be made while according the sanction for renewal about continuation of such liabilities and that the mutations/breaches would not be deemed to have been condoned on account of such sanction for renewal.

4. The following actions may please be taken and the personally supervised by the PDDEs:—

- (i) All leases in Sch. VIII of CLAR 1937 and Sch. VI of CLAR 1925 which are pending for renewal be taken up immediately for finalisation. For this purpose the PDDEs may visit the DEOs/Cantonment Boards where large number of cases are pending to facilitate early completion of the task. In the case of remaining Cantonment Boards/DEOs, they may be directed to report to the Directorate with all necessary documents so that the

exercise can be completed. The above exercise may be completed within 3 months and a fortnightly report furnished to this Directorate General, Cantonment-wise and DEO-wise indicating details of leases which are expired and those in which renewal sanctions have been accorded and the present stage of implementation of the sanctions. It may be ensured that the reports are received in the Dte. General within 2 days of each fortnight without fail.

- (ii) A similar review of agricultural leases and leases of a commercial type like Petrol outlets, Cinemas, Banks, etc. should also be carried out and necessary proposals for further continuance wherever warranted be forwarded within one month.
- (iii) Instructions had been issued that inspection of the Offices of the Cantonment Boards and the DEOs should be carried out regularly. Monitoring of renewal of leases is one of the items in the inspection proforma of each of the offices. Progress achieved in renewal of leases *vis-a-vis* the last inspection may be examined and a report in this regard may be furnished within a week in respect of each office.
- (iv) It may also be brought to the notice of all concerned that the performance of the individual officers, including the supervisory officers at the Command level, relating to clearance of the pending renewal of leases cases would be specifically mentioned in the annual confidential reports. For this purpose, necessary targets may be fixed starting from the current year.

PAC MATTER/TIME BOUND

No. 723/A/2/L/DE/2007

Government of India, Ministry of Defence,
Dte. General of Defence Estates,
Raksha Sampada Bhawan,
Palam Road, Delhi Cantt.-110010

Dated: 15 January 2008.

To

The Principal Director, DE,
Ministry of Defence,
Western Command,
Chandigarh.

Subject : *Audit Para 2.1 Selected for Examination by the Public Accounts Committee (2007-08): Delay in Renewal of Leases.*

Reference your Dte. Letter No. 33/LC/Lease/DE/WC, dated 18.12.2007.

2. Based on the information received in respect of your Dte. regarding the Advance Questionnaire in the subject matter, it transpired that a total of about 360 leases were pending for renewal pertaining to various offices under jurisdiction of your Command. From the reports received the letters under reference it is seen that a total of only 09 leases have been renewed in the last 6 months or so.

3. Keeping in view the explicit instructions issued and guidelines provided to expedite the renewal of leases, this state of affairs is highly regrettable. Since you were also informed that a time bound programme had to be undertaken to complete the exercise as per assurance given to the MoD/PAC, the progress achieved is extremely unsatisfactory.

4. As a further report is now required to be submitted indicating the status of renewal of the expired leases, following action may be taken forthwith amongst others in respect of leases renewable at the option of the lessee:

- (i) A special drive be conducted immediately for the purpose.
- (ii) Specific officers in the Dte. be earmarked for the purpose.
- (iii) Schedule be drawn up field office-wise for taking up cases.
- (iv) The PDDE should personally monitor the progress.

It should be ensured that the exercise is completed by **31.01.2008** in respect of all cases under your jurisdiction. A report giving summary of the progress achieved may be furnished by *fax* on **01.02.2008**. A detailed report DEO/CEO-wise with details of the cases by submitted later so as to reach this Dte. General by **08.02.2008**.

If any cases are still pending thereafter, details of the same be provided alongwith reasons for non-renewal and action required to be taken.

5. Please note that failure to comply would be viewed adversely and each officer would be held personally responsible for any lapses. Also, no delay would be acceptable on any account.

6. This has DGDE's approval.

PAC MATTER/TIME BOUND

No. 723/A/2/L/DE/2007

Government of India, Ministry of Defence,
Dte. General of Defence Estates,
Raksha Sampada Bhawan,
Palam Road, Delhi Cantt.-110 010

Dated: 15 January, 2008

To

The Principal Director, DE,
Ministry of Defence,
Central Command,
Lucknow

Subject: *Audit Para 2.1 Selected for Examination by the Public Accounts Committee (2007-08): Delay in Renewal of Leases.*

Reference your Dte. Letter No. 49749/Gen/OS Land dated 04.01.2008.

2. Based on the information received in respect of your Dte. regarding the Advance Questionnaire in the subject matter, it transpired that a total of about 1800 leases were pending for renewal pertaining to various office under jurisdiction of your Command. From the reports received the letters under reference it is seen that a total of only 24 leases have been renewed in the last 6 months or so.

3. Keeping in view the explicit instructions issued and guidelines provided to expedite the renewal of leases, this state of affairs is highly regrettable. Since you were also informed that a time bound programme had to be undertaken to complete the exercise as per assurance given to the MoD/PAC, the progress achieved is extremely unsatisfactory.

4. As a further report is now required to be submitted indicating the status of renewal of the expired leases, following action may be taken forthwith amongst others in respect of leases renewable at the option of the lessee:

- (i) A special drive be conducted immediately for the purpose.
- (ii) Specific officers in the Dte. be earmarked for the purpose.
- (iii) Schedule be drawn up field office wise for taking up cases.
- (iv) The PDDE should personally monitor the progress.

It should be ensured that the exercise is completed by **31.01.2008** in respect of all cases under your jurisdiction. A report giving summary of the progress achieved may be furnished by *fax* on **01.02.2008**. A detailed report DEO/CEO wise with details of the cases be submitted later so as to reach this Dte. General by **08.02.2008**. If any cases are still pending thereafter, details of the same be provided alongwith reasons for non-renewal and action required to be taken.

5. Please note that failure to comply would be viewed adversely and each officer would be held personally responsible for any lapses. Also, no delay would be acceptable on any account.

6. This has DGDE's approval.

PAC MATTER/TIME BOUND

No. 723/A/2/L/DE/2007

Government of India, Ministry of Defence,
Dte. General of Defence Estates
Raksha Sampada Bhawan
Palam Road, Delhi Cantt.-110 010

Dated: 15 January, 2008

To

The Principal Director, DE,
Ministry of Defence,
Southern Command,
Pune.

Subject : *Audit Para 2.1 Selected for examination by the Public Accounts Committee (2007-08): Delay in Renewal of Leases.*

Reference this office letter of even no. dt. 05.12.2007.

2. Based on the information submitted in response to the Advance Questionnaire received in the subject matter it transpired that a total of about 1123 leases were pending for renewal pertaining to various offices under jurisdiction of your Command.

3. As the matter was under examination by the PAC, explicit instructions were issued and guidelines provided to expedite the renewal of leases. It was also requested that reports be submitted periodically about the progress achieved. On account of non receipt of these reports, *vide* DGDE letter of even no. dt. 05.12.2007, the same were required to be submitted by 31.12.2007 alongwith details of leases renewed. We are yet to receive the same from your Directorate. This state of affairs is highly regrettable. Moreover, since you were also informed that a time bound programme had to be undertaken to complete the exercise as per assurance given to the MoD/ PAC, it reflects a very casual approach in such an important matter.

4. As a further report is now required to be submitted indicating the status of renewal of the expired leases, the following action may be taken forthwith amongst others in respect of the leases renewable at the option of the lessee:—

- (i) A special drive be conducted immediately for the purpose.
- (ii) Specific officers in the Dte. be earmarked for the purpose.
- (iii) Schedule be drawn up field office wise for taking up cases.
- (iv) The PDDE should personally monitor the progress.
- (v) Submit a report by return fax about leases already renewed between 01.7.2007 to 31.12.2007.

It should be ensured that the exercise is completed by **31.01.2008** in respect of all cases under your jurisdiction. A report giving summary of the progress achieved

may be furnished by *fax* on **01.02.2008**. A detailed report DEO/CEO wise with details of the cases be submitted later so as to reach this Dte. General by **08.02.2008**. If any cases are still pending thereafter, details of the same be provided alongwith reasons for non-renewal and action required to be taken.

5. Please note that failure to comply would be viewed adversely and each officer would be held personally responsible for any lapses. Also no delay would be acceptable on any account.

6. This has DGDE's approval.

PAC MATTER/TIME BOUND

No. 723/A/2/L/DE/2007

Government of India, Ministry of Defence,
Dte. General of Defence Estates
Raksha Sampada Bhawan
Palam Road, Delhi Cantt.-110 010

Dated: 15 January, 2008

To

The Principal Director, DE,
Ministry of Defence,
Eastern Command,
Kolkata.

Subject: *Audit Para 2.1 selected for examination by the Public Accounts Committee (2007-08): Delay in Renewal of Leases.*

Reference your Dte. letter No. 361972/LC-4/Vol-VI/16 dated 05.11.2007.

2. Based on the information received in respect of your Dte. regarding the Advance Questionnaire in the subject matter, it transpired that a total of about 126 leases were pending for renewal pertaining to various office under jurisdiction of your Command. From the reports received the letters under reference it is seen that **no** leases have been renewed in the last 6 months or so.

3. Keeping in view the explicit instructions issued and guidelines provided to expedite the renewal of leases, this state of affairs is highly regrettable. Since you were also informed that a time bound programme had to be undertaken to complete the exercise as per assurance given to the MoD/PAC, the progress achieved is extremely unsatisfactory.

4. As a further report is now required to be submitted indicating the status of renewal of the expired leases, following action may be taken forthwith amongst others in respect of leases renewable at the option of the lessee:

- (i) A special drive be conducted immediately for the purpose.
- (ii) Specific officers in the Dte. be earmarked for the purpose.
- (iii) Schedule be drawn up field office wise for taking up cases.
- (iv) The PDDE should personally monitor the progress.

It should be ensured that the exercise is completed by **31.01.2008** in respect of all cases under your jurisdiction. A report giving summary of the progress achieved may be furnished by *fax* on **01.02.2008**. A detailed report DEO/CEO-wise with details of the cases be submitted later so as to reach this Dte. General by **08.02.2008**. If any cases are still pending thereafter, details of the same be provided alongwith reasons for non-renewal and action required to be taken.

5. Please note that failure to comply would be viewed adversely and each officer would be held personally responsible for any lapses. Also, no delay would be acceptable on any account.

6. This has DGDE's approval.

FAX/SPEED POST/MOST IMMEDIATE/PAC MATTER

No. 723/A/3/L/DE/2007

Government of India, Ministry of Defence,
Dte. General Defence Estates
Raksha Sampada Bhawan
Ulaanbaatar Marg, Delhi Cantt.-10

Dated: 26 November, 2010

To

The Principal Director/Director, DE,
Ministry of Defence,
Central/Southern/Western/Eastern/Northern/South Western Command,
Lucknow/Pune/Chandigarh/Kolkata/Jammu/Jaipur.

- Subject:** 1. *Regarding Calendar for monitoring of expired Leases: Renewable and Non-Renewable.*
2. *Renewal of expired Leases.*
3. *Audit Para 2.1 selected for examination by the Public Accounts Committee (2007-08): Delay in Renewal of Leases.*

Reference this Dte. General letter No. 723/A/3/L/DE/2007 dated 25.06.2007 and letter of even number dated 12.09.2007 and 15.01.2008.

2. It may be recalled that the C&AG in its report for the period ending 31.03.2006 had commented adversely on the delay in renewal of leases of defence land. Instructions were therefore issued *vide* our letter dated 25.06.2007 referred above as under:—

- (i) to complete renewal of all expired leases within six months (*i.e.* upto 12/2007) where sanction for such renewal was to be accorded by the PDDE/Cantonment Boards;
- (ii) initiation of proposals for renewal of expired leases within three months (*i.e.* upto 09/2007) where such renewal was to be accorded by MoD/DGDE;
- (iii) identification of all leases which were to expire in the next six months (*i.e.* upto 12/2007) & taking necessary action for their renewal well in time;
- (iv) adoption of a rolling calendar; and
- (v) initiation of proposals, atleast one year before expiry, in respect of leases

which do not have a renewal clause, for orders of MoD for either continuation or determination of lease;

- (vi) monitoring the renewal of leases by devising a suitable proforma, inspection of field officer rendering a monthly report by 10th of each month, and evaluation of performance of field officers on the basis of progress made by them for renewal of lease.

3. Further, the Directorates were advised *vide* our letter dated 12.08.2007 referred above as under:—

- (i) to take up renewal of all leases in Schedule VIII of CLAR 1937 & Schedule VI of CLAR 1925 within three months;
- (ii) to review agricultural leases and leases of commercial nature within one month;
- (iii) inspection of offices of Cantonment Board & DEO's, monitoring the renewal of leases therein and examination of progress achieved thereof; and
- (iv) fixing of targets relating to clearance of pending cases of renewal of leases during performance appraisal of all officers.

Based on the progress achieved on the above issues, further instructions were issued *vide* our letter dated 18.01.2008 referred above to complete the following exercise for renewal of leases by 31.01.2008:—

- (i) to conduct a special drive;
- (ii) to earmark specific officers in the Directorate for the purpose;
- (iii) to draw up a schedule for taking up cases field office-wise; and
- (iv) that PDDE should personally monitor the progress.

4. The PAC has since presented their 12th Report to the Parliament. Relevant extracts from the same are enclosed. It may be observed there from that the PAC has expressed strong dissatisfaction at the delays in renewal of expired leases. It is therefore necessary, that the PDDE's/DDE may personally monitor the progress of such cases on the basis of guidelines issued earlier and complete the renewal of all expired leases which can be renewed by Directorates/Cantt. Boards within **two months**. They may also in consultation with Additional DG(Land), depute an officer, well conversant with the cases alongwith relevant records, to this Dte. General for finalising cases requiring sanction of the MoD/DGDE.

5. This has the approval of DGDE.

Kindly acknowledge receipt.

Encl.: As above.

CHAPTER III

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

—Nil—

CHAPTER IV

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

Fixing of responsibility is seen as a very important step for correcting the acts of omissions and commissions. Hence, the Committee would like the Ministry to fix responsibility on all concerned who were found to be responsible for flaws in procurement procedures, technical evaluations and rejection of ordered clothing and equipments. The Committee would like to be informed of the steps taken in this regard within a period of six months. More importantly, corrective measures should be initiated forthwith.

[Para 17, Part II of the 12th of the Report of Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Procurement of Special Clothing and Mountaineering equipment were done taking steps in vogue that time to ensure safety of the troops and meet operational requirements. Over the years, continuous effort has been made to improve and fast-track the procurement procedures ensuring transparency in procurement process and quality of items needed. In any case, items those did not meet the technical specifications and user's requirements had to be rejected. In view of such rejections of items in India, policy has been formulated for PDI in supplier's country. It has no financial implications as all required inspections and tests are undertaken before dispatch in the seller's country.

Moreover, rejection of items on PDI/JRI throw a light on the robust functioning of the system put in place for quality assurance and is not necessarily a flaw in the system. However, the Ministry has been taking appropriate action against any deviation from the procedures laid down. Besides, several remedial steps for quality and timely availability of items have been taken by MoD to streamline the procurement procedure one of which is constituting an Empowered Committee on Special Clothing and Mountaineering Equipment in 2007. The same has been acknowledged by the Committee in Para 13 and 15 of part II of its report.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Observation/Recommendation

The Committee note that the Director General of Defence Estates (DGDE) is responsible for management of the defence lands (about 17 lakh acres) both inside and outside the Cantonments. The vacant or unused land is leased out by the Ministry of Defence to various public and private users at different locations. An Audit scrutiny of renewal of leases concerning defence land has revealed glaring inaction on the part of the Director General of Defence Estates causing delays ranging from six to thirty six years (as on December 2006) in renewal of leases of Defence lands occupied *inter-alia* by Madras United Club at Chennai, Indian Oil Corporation at Jabalpur, State Bank of India at Avadi, Indian Oil Corporation and Hindustan Petroleum Corporation Ltd. at Belgaum. This resulted in non-recovery of substantial amount of rent and premium of several crores of rupees and loss of interest thereon, the exact value of which was yet to be assessed. In all these four cases, the lease period had already expired and the lessees have been occupying the defence land without paying any rent or with valid lease. It is found that after the expiry of the original lease period, the lessees had requested for extension of the lease period but due to serious procedural delays and a rather casual approach on the part of the concerned authorities in initiating processing and finalization/according renewal of the leases, inordinate delays had occurred in renewal of the leases. In this regard, the Committee have been informed that the Ministry issued instructions on 25.06.2007, 12.09.2007 and 15.01.2008 for renewal of leases following which leases in respect of Madras United Club, IOC Jabalpur, IOC Belgaum and HPCL Belgaum, the leases had been renewed had been renewed upto 31.12.2007, 04.11.2006, 20.06.2011 and 05.12.2010 respectively, while the case pertaining to SBI Avadi is still under renewal process. No further renewals have been executed in the cases of Madras United Club and IOC Jabalpur though these entities continue to occupy the plots of defence land unauthorisedly. The Committee observes that the much belated execution of lease renewal cannot be condoned and the inexplicable delays/inaction/lapses on the part of the concerned officials have to be accounted for.

[Para 18 of the 12th Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

DGDE is responsible for management of defence lands which are specifically placed under the management of Cantonment Boards and Defence Estates Officers and other user agencies of the Ministry. A-1 defence land is placed under the management of AHQ. All vacant or unused land is not leased out by the MoD. Only some of such

land is thus leased out and that too in public interest. Further, renewal of leases is done in consultation with service HQ and after the approval of Ministry of Defence. DGDE is authorised to grant lease only in respect of Petrol Pumps of IOC etc. and Director DE the Commandants are competent to renew certain leases providing for a renewal clause. Renewal of leases is a complex procedure involving extensive consultation among the lessee, Cantonment Boards, DEO's, LMA's, HQ Commands, Dte. DE Commands, DGDE, Service HQrs. and Ministry of Defence which leads to delay. Further, there are variety of factors contributing to delay such as the lessee not making application for renewal, disputes among legal heirs of deceased lessees, breach of terms of the lease, mutation not being carried out due to defects in transfer documents, sub-division of sites, etc. These factors cumulatively cause delays. Such delays cannot be attributed to any individual or organisation in isolation. However, there is no loss to the State as arrears of rent are recovered upon renewal of lease. Instructions have been issued by the DGDE *vide* letter No. 723/A/2/L/DE/2007 dated 25.06.2007, 12.09.2007 & 15.01.2008 (Annexure-1) to streamline the above procedure and to eliminate such delays wherever possible. The lease in respect of Madras United Club has expired on 31.12.2007 and rent etc. recovered. It has been decided by the Ministry in April 2010 not to renew the same further as the land is required by the Army for married Accommodation Project, Phase-II. The matter regarding fixing of annual rent for execution of fresh lease/agreement is being negotiated with SBI Avadi by Heavy Vehicle Factory. Lease in respect of IOC at Jabalpur has ben renewed upto 03.11.2011. Lease of three sites in respect of IOC at Belgaum have been renewed upto 22.01.2010, 24.10.2010 and 20.06.2011. Lease of two sites in r/o HPCL at Belgaum has been renewed upto 22.07.2009 and 05.12.2010.

NEW DELHI;
2 August, 2011
11 Sravana, 1933 (Saka)

DR. MURLIMANO HAR JOSHI,
Chairman,
Public Accounts Committee.

CONFIDENTIAL

APPENDIX I

**MINUTES OF THE SECOND SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE (2011-12) HELD ON 28TH JUNE, 2011**

The Committee sat on Tuesday, the 28th June, 2011 from 1100 hrs. to 1330 hrs. in Room No. '53', First Floor, Parliament House, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shri Sandeep Dikshit
4. Shri Anant Kumar Hegde
5. Shri Bhartruhari Mahtab
6. Shri Shripad Yesso Naik
7. Shri Sanjay Nirupam
8. Shri Jagdambika Pal
9. Dr. Kavuru Sambasiva Rao
10. Shri Adhi Sankar
11. Kunwar Rewati Raman Singh
12. Shri K.Sudhakaran
13. Dr. M. Thambidurai
14. Dr. Girija Vyas

Rajya Sabha

15. Shri Prasanta Chatterjee
16. Shri Naresh Gujral
17. Shri Satish Chandra Mishra
18. Smt. Jayanthi Natarajan
19. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Shri M.K. Madhusudhan — *Additional Director*
4. Shri Sanjeev Sharma — *Deputy Secretary*
5. Shri D.R. Mohanty — *Deputy Secretary*
6. Smt. A. Jyothirmayi — *Under Secretary*

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA

1. Shri R.S. Mathrani — Director General of Audit (Central Expenditure)
2. Shri Gautam Guha — Director General of Audit (Defence Service)
3. Ms. Geetali Taare — Pr. Director of Audit (Scientific Department)
4. Shri Bhawani Shankar — Pr. Director (Economic Service & Ministries)

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG to the sitting of the Committee. The Chairman, then, apprised that the sitting was convened to consider the draft Reports of the Committee. Thereafter, the Committee took up the following draft Reports for consideration:

- | | | | |
|-------|--|-----|-----|
| (i) | *** | *** | *** |
| (ii) | *** | *** | *** |
| (iii) | *** | *** | *** |
| (iv) | Draft Report on Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Twelfth Report (Fifteenth Lok Sabha) on ' Functioning of A.D.G.E.S. Radar, Procurement of Special Clothing and Mountaineering Equipment and Delay in Execution/ Renewal of lease '; and | | |
| (v) | *** | *** | *** |

3. After detailed deliberations, the Committee adopted these draft Reports, one by one with some modifications/amendments and authorized the Chairman to finalise and present the same to the Parliament in the light of factual verification done by Audit.

- | | | | |
|----|-----|-----|-----|
| 4. | *** | *** | *** |
| 5. | *** | *** | *** |
| 6. | *** | *** | *** |
| 7. | *** | *** | *** |

The Committee, then, adjourned.

APPENDIX II

(Vide para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR TWELFTH REPORT (FIFTEENTH LOK SABHA)

(i)	Total No. of Observations/Recommendations	—	21
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government:	—	Total: 18 Percentage—85.71%
	Para Nos. 2-16 and 19-21		
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:	—	Total: 0 Percentage—0%
	—Nil—		
(iv)	Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration:	—	Total: 2 Percentage—9.52%
	Para No. 1 and 17		
(v)	Observations/Recommendations in respect of which Government have furnished interim replies:	—	Total: 1 Percentage—4.76%
	Para No. 18		