

16

STANDING COMMITTEE
ON DEFENCE
(2015-2016)

SIXTEENTH LOK SABHA

MINISTRY OF DEFENCE

[Action Taken by the Government on the observations/recommendations contained in the Eighth Report of the Committee (Sixteenth Lok Sabha) on Demands for Grants (2015-16) of the Ministry on Navy and Air Force (Demand Nos. 24 and 25)]

SIXTEENTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

February, 2016 / Phalgun, 1937 (Saka)

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*Presented to Hon'ble Speaker, Lok Sabha on 27.1.2016
Presented to Lok Sabha on 26.2.2016
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LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE
(2015-2016)

Maj Gen BC Khanduri, AVSM (Retd)—*Chairperson*

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Lok Sabha

2. Shri Suresh C. Angadi
3. Shri Shrirang Appa Barne
4. Shri Dharambir
5. Shri Thupstan Chhewang
6. Col Sonaram Choudhary (Retd)
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31. Shri Tarun Vijay

SECRETARIAT

1. Smt. Kalpana Sharma — *Joint Secretary*
2. T.G. Chandrasekhar — *Director*
3. Smt. Jyochanamayi Sinha — *Additional Director*
4. Shri Rahul Singh — *Under Secretary*
5. Smt. Rekha Sinha — *Sr. Executive Assistant*

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2015-16), having been authorised by the Committee to submit the report on their behalf, present this Sixteenth report on Action Taken by the Government on the Observations/Recommendations contained in the Eighth Report of the Standing Committee on Defence (16th Lok Sabha) on 'Demands For Grants (2015-16) of the Ministry of Defence on Navy and Air Force (Demand Nos. 24 and 25)'.

2. The Eighth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 27 April, 2015. The Action Taken Notes on the Observations/Recommendations were received from the Ministry of Defence in October, 2015.

3. The Committee considered and adopted this Report at their Sitting held on 8 January, 2016.

4. An analysis of action taken by the Government on the Observations/Recommendations contained in the Eighth Report of the Committee is given in Appendix II.

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

NEW DELHI;
8 January, 2016
18 Pausa, 1937 (Saka)

MAJ GEN B C KHANDURI, AVSM (RETD.),
Chairperson,
Standing Committee on Defence.

CHAPTER I

REPORT

This Report of the Standing Committee on Defence deals with Action Taken by the Government on the observations/recommendations contained in the Eighth Report of the Standing Committee on Defence (16th Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2015-16 on Navy and Air Force (Demand Nos. 24 and 25)' which was presented to Lok Sabha and laid in Rajya Sabha on 27.04.2015.

2. The Committee's Eighth Report (16th Lok Sabha) contained 33 observations/recommendations on the following aspects:—

Para No./Nos.	Subject
	NAVY
1, 2 and 3	Budget Outlay 2015-16
4	Budget Analysis 2014-15
5	Decline in Naval Budget share
6 and 7	Force Level
8	Time and Cost Overruns
9 and 10	Manpower Shortage
11, 12 and 13	Accidents
14	Coastal Security
15	Naval Base at Karwar
	AIR FORCE
16, 17, 18 and 19	Budget Outlay 2015-16 Air force
20	Budget Analysis 2014-15
21	Modernization budget for Air Force
22, 23 and 24	Force Level
25, 26 and 27	Trainer Aircraft
28 and 29	Modernisation of Airfields
30	Hardened shelters
31	Accident Data of Indian Air Force
32	Manpower and Training
33	Pilot - Cockpit ratio

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

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

Para Nos. 2, 9, 10, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 32

(17 Recommendations)

These may be included in Chapter II of the Draft Report.

- (b) Observations/Recommendations which have been accepted by the Government and commented upon:

Para Nos. 1, 4, 8, 11, 12, 13, 19, 30 and 33

(09 Recommendations)

These may be included in Chapter II of the Draft Report.

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

Para Nos. 5, 14 and 18

(03 Recommendations)

These may be included in Chapter III of the Draft Report.

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

Para Nos. 3, 6, 7 and 31

(04 Recommendations)

These may be included in Chapter IV of the Draft Report.

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

Para No. Nil

(00 Recommendation)

This may be mentioned in Chapter V of the Draft Report.

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

A. Budget Outlay

Recommendation (Para No. 1)

5. The Committee had recommended as under:—

“This year Navy had projected an amount of Rs. 44,814.71 crore while the allocations made by the Ministry is that of Rs. 40,528.88 crore *i.e.* less by Rs. 4,285.83 crore. In the year, 2014-15, RE projection was Rs. 38,656.82 crore whereas actual allocation was that of Rs. 32,442.86 crore, thus a deficit budget by Rs. 6,213.96 crore. The Committee feel that the deficit budgeting at RE 2014-15 stage is already there and a further shortfall of approx. Rs. 4,200 crore in this year's BE will not only put more pressure on already stretched Naval budget but is also not understandable as to how a shortfall of Rs. 10,499.96 crore will be managed during 2015-16. The Ministry of Defence may explain this. Navy, in any case, is facing fleet and manpower crunch which have been separately dealt with in the succeeding paragraphs of this Report. Therefore, adequate budgetary support is quintessence for desired performance outcome of the Service.”

6. The Ministry in its Action Taken Reply has stated as under:—

“The Ministry is constrained by the allocations made by the Ministry of Finance which are lower than the requirements projected by this Ministry. Nevertheless, additional requirement of funds, as required by the Services, will be projected for inclusion in the Supplementary Grants.”

7. For enabling optimum performance of the Navy, the Committee had desired for adequate budget allocation. During examination of Demands for Grants 2015-16, the Committee had highlighted the fact about the deficit in the budget being of the order of Rs. 10,499.96 crore, which is a substantial amount. In response to this, the Ministry has stated that they are also severely restricted by lower allocations made by the Ministry of Finance and that they would seek additional funds in the Supplementary Grants. The Committee are not happy with the

routine nature of the replies pertaining to the Navy being furnished each year by the Ministry of Defence. The Committee would like to be informed in detail about the amount sought by Navy as a part of the Supplementary Grants and the amount actually allocated. Besides this, the Committee may be informed about the compromises the Navy may have made due to the lower financial allocation during the current financial year. The information desired for may be provided to the Committee at the earliest.

B. Time and Cost Overruns

Recommendation (Para No. 3)

8. The Committee had recommended as under:—

“The Capital Budget projected for the financial year 2015-16 is Rs. 27,059.12 crore and the allocation made at BE is Rs. 24,080.90 crore. Out of this, the amount required for the New Schemes is Rs. 4,091.00 crore while the allocated amount is Rs. 1,112.78 crore, thus the amount provided is merely 25% of the amount actually sought. While keeping in mind the Naval modernization and upgradation plans, the Committee are dismayed at provision of meager allocation against new schemes. This indicates lack of coordination between the Naval Headquarters and Ministry of Defence. Therefore, it is recommended that additional funds are provided under this head.”

9. The Ministry in its Action Taken Reply has stated as under:—

“The Ministry is constrained by the allocations made by the Ministry of Finance which are lower than the requirements projected by this Ministry.

It may be noted that projection of requirement for ‘New Schemes’ includes several cases at varying stages of approval which are unlikely to reach finality in the current financial year. Nevertheless, all efforts will be made to ensure that no ‘New Scheme’ approved is delayed for want of funds. Additional funds will be sought, if required.”

10. Keeping in view the budget deficit, which is to the extent of 75% for the new schemes, the Committee had desired for providing additional funds. The Committee are constrained to note that on the

one hand, the Ministry has stated that lower allocations made by the Ministry of Finance has restricted them by way of cutting short their schemes/projects. On the other hand, the Ministry has also stated that the projection of requirements for new schemes includes several cases at varying stages of approval which are unlikely to reach finality in the current financial year. This is indicative of inadequacies in planning on the part of the Naval Headquarters. Keeping in view the past instances of reduction of allocations made by the Ministry of Finance at RE stage, the Committee cannot help expressing apprehension on the likelihood of additional funds being provided at the supplementary or RE stage. Therefore, the Committee strongly desire that the Naval Headquarters and Ministry of Defence chalk out a project wise plan indicating their status, timeframe by which these are expected to reach finality and the funds required at each stage. They should send the plan to the Ministry of Finance for providing allocations at BE Stage and additional allocation at supplementary grants as well as RE stage. The Committee are of the view that without this kind of plan of action and limited budgetary provisions, the modernization programme of Navy will continue to be in a sorry state. Therefore, the Committee strongly desire that the Ministry of Defence ensures effective co-ordination with the Naval Headquarters and finalize the plan of action at the earliest under intimation to the Committee. The Committee further desire the Ministry to take up the matter of providing adequate allocations with the Ministry of Finance at the highest level so that no scheme that may have been approved is delayed for want of funds.

C. Budget Analysis 2014-15

Recommendation (Para No. 4)

11. The Committee had recommended as under:—

“In the year 2014-15, for new schemes, the amount allocated at RE stage was Rs. 663.92 crore and the amount actually spent upto 16 March 2015 was Rs. 2,457.07 crore *i.e.* 370.08% of the RE allocations. In this context, the Committee further feel that provision of funds at a very late stage could also be a reason for inadequacies in budgeting and expenditure pattern. Therefore, the situation needs to be rectified and time bound decisions on allocations and expenditure should be taken at all levels, be it Ministry of Finance, Ministry of Defence or Navy. It is suggested that a Standard

Operating Procedure (SOP) be laid down, giving the time frame within week various decisions and actions ought to be taken by the Ministry of Finance, Ministry of Defence and the Service concerned. It is needless to say that the Committee be informed about the steps taken with regard.”

12. The Ministry in its Action Taken Reply has stated as under:—

“It may be noted that allocation for New Schemes of the Navy during 2014-15 was lower than the projections. However, as approval of schemes proceeded beyond funds allocated for Navy, additional funds were provided for the same. In this case prompt and time bound decision was taken to ensure optimum utilisation of scarce resources.”

13. In the year 2014-15, Rs. 663.92 crore was initially allocated to Navy under ‘New Schemes’ while it was escalated to Rs. 2457.07 crore in the Revised Estimates. It is indeed appreciable that the amount required was provided so as to enable in proceeding with the ‘New Schemes’ for which Budget provisioning was not made initially. In this regard, the Committee desire to be informed of the details of expenditure of Rs. 2457.07 crore during the year 2014-15 under the head, ‘New Schemes’.

D. Force Level

Recommendation (Para No. 6)

14. The Committee had recommended as under:—

“The Committee were informed that Emergency Cabinet Committee report of 1964 had approved a force level of 138 ships and submarines for Indian Navy. However, since then, maritime security environment of the country has undergone considerable changes and present day maritime challenges include coastal security in light of terrorism emanating through sea route, increased threats of piracy and amplified hostilities in Indian Ocean Region by our neighbouring nations. The Committee were updated that keeping new challenges in mind, a requirement of 212 vessels and 458 aircraft have been contemplated for Indian Navy in MCPP 2012-27, *i.e.*, by the end of the 14th Plan period. While examining the subject, the Committee found that presently, Navy has 140 vessels and 236 aircraft in their inventory. These sums up to a gap of 72 vessels

and 222 aircraft/helicopters, which are envisaged for induction till 2027 or in the next 12 years. Furthermore, the Committee came to know that most of the existing naval vessels are ageing and would necessitate de-commissioning in next 10-12 years, *i.e.*, by the end of 14th Plan period (2027). The Committee are concerned to further find that current six Mine Counter Measure Vessels (MCMVs) are over 25 years old. Here, the Committee, are further concerned to find that during last 15 years of timeline, the induction plan for vessels had progressed at a snail's pace. Moreover, Navy imperatively require acquisition of Indian Aircraft Carrier (IAC) which is being built in Cochin Shipyard, as Viraat is set to decommission, thus leaving Navy completely dependent on the recently acquired Vikramaditya. Therefore, the Committee are of the view that the service of INS Viraat may be extended till IAC is commissioned into the Navy. However, it would be more desirable to have an additional Aircraft Carrier even if not fully fit rather than just one Aircraft Carrier. Further, impetus ought to be given at highest degree to replace ageing platforms, induction of IAC, P-17A Ships and induction of MCMVs. The Committee be informed about the same."

15. The Ministry in its Action Taken Reply has stated as under:—

"Creation of Naval assets is a time and cost intensive process. Hence, it is executed on the basis of the Long Term Perspective Plan formulated by the Navy. The current Maritime Capability Perspective Plan (2012-27), which is subsumed in the LTIPP (2012-27), is based on a 'capability dominant and threat-cum-mission based approach. The induction schedule promulgated in the MCPP caters for the planned de-commissioning of existing ships along with the scheduled induction of new platforms. Therefore, the Force level of 212 ships and 458 aircraft by 2027 is all encompassing, which includes scheduled induction and planned decommissioning. As part of the planned force accretion, 48 ships and submarines are being constructed in Indian shipyards. Cases for induction of additional assets (ships/submarines and aircraft), envisaged in MCPP (2012-27) are being progressed as per timelines.

Decommissioning of INS Viraat. INS Viraat was commissioned on 02 May 1987. The ship has been in service for over 27 years in the Indian Navy. However, the ship had also served the Royal Navy for 27 years, thereby having been in commissioned service for a

cumulative period of over 54 years. Therefore, further Service Life Extension (SLE) of the ship considering difficulties in maintenance, obsolescence of equipment, spares availability and material state of the ship is not considered financially prudent and a safe option. It is, therefore, intended to decommission the ship in mid 2016 after participation in International Fleet Review (IFR-16). Further, INS Vikramaditya along with integral air component of MiG-29K fighter aircraft is a potent platform, and has enhanced the operational capability and reach of the IN.

Induction Schedule. All efforts are being put in at the Apex Level to ensure timely induction of these ships in the IN."

16. In the recommendation made in the earlier Report, the Committee had noted that there was a shortage of 72 vessels and 222 aircraft/helicopters. As per the Ministry's reply, the Ships and submarines being constructed in various Indian Shipyards is only 48. The Committee observed in this regard that in the next 10-12 years some more ships/vessels would be lined up for decommissioning. Hence, 48 ships will not suffice to meet the requirements. Therefore, the Ministry needs to be more pro-active in bridging the likely gap in the requirement. The Ministry has also not given any reply in regard to planes/helicopters. The Committee desire to be updated on this matter as well as the status of Mine Counter Measure Vessels (MCMVs) and Indian Aircraft Carrier (IAC). The Committee also expect to be apprised of complete details of the present status and expected date of commissioning of the ships/vessels in the Action Taken Notes.

Recommendation (Para No. 7)

16a. The Committee had recommended as under:—

"Further research of the Committee revealed that the deficiency is not only limited to vessels. Even in case of integral helicopters which are critical for surveillance and stand-off targeting at sea, there is a deficiency of 61 integral helicopters on existing ships. To tackle the situation, it was informed that Mid Life Upgrade of Kamov-28 helicopters and case of Multi Role Helicopter are being progressed. The Committee feel that case of induction of helicopters and planes should be progressed without delay under intimation to the Committee."

16b. The Ministry in its Action Taken Reply has stated as under:—

“The observations of the Hon’ble Committee with respect to the two specific ongoing procurement cases are noted.”

16c. The Committee wish to be informed in detail about the status of the Mid-Life Upgrade of Kamov-28 helicopters and Multi Role Helicopters including their present status and expected date of commissioning in the Action Taken Notes.

E. Time and Cost Overruns

Recommendation (Para No. 8)

17. The Committee had recommended as under:—

“The Committee were informed that acquisition of defence equipment is undertaken in accordance with the Defence Procurement Procedure. After gleaning through the documents submitted by the Ministry, the Committee found that there had been huge cost and time overruns in almost all the production/developmental projects presently being undertaken for Navy. In case of P-15A, which is being constructed at Mazagaon Dock Limited (MDL), the initial delivery dates of the Yards 12702 and 12703 were Mar 09 and Mar 10 respectively. However the same were revised to May 11 and May 12 in that order. The project could not be accomplished even by the re-scheduled dates. As a result, the targeted delivery dates have once again been reset as Jun 15 and Dec 15. As far as the cost of the project is concerned, the original cost was Rs. 3580 crores which has been revised to Rs. 11662 crores. Similar is the case of P-28 (M/s GRSE) where the initial delivery dates of Yard 3018, 3019 and 3020 were 2009, 2011 and 2012 respectively, which were revised to Mar 15, Mar 16 and Mar 17 in that order. Also, the original cost of Rs. 3051.20 crores was revised to Rs. 7852.39 crores. Just like, the delivery schedule of IAC has been revised from Dec 10 to Dec 18, along with cost revision for the same from Rs. 3261 crores to Rs. 19341 crores. Identical are the cases of Naval Offshore Patrol Vessels (M/s Pipavav Shipyard), Fast Interceptor Crafts (M/s Solas Marine Lanka, Sri Lanka), Landing Craft Utility (M/s GRSE, Kolkata), Water Jet Fast Attack Crafts (M/s GRSE, Kolkata), Cadet Training Ships (M/s ABG Shipyard) and Survey Vessels (M/s Alcock Ashdown Ltd, Gujarat), where

repeated time revisions and enormous cost escalations have taken place and have become a routine. The Committee were given to believe varied reasons for the above mentioned delays such as untimely supply of material, infrastructural constraints, delay in commencement of the projects, etc. Yet, the Committee unambiguously make an observation that such delays could have been avoided by bringing in better intelligibility, vision and co-ordination among the development agencies, production units and final users along with periodical performance appraisals. Accordingly, it is suggested that in future, result oriented efforts must be made in order to ensure highest level of precision, transparency and probity, whilst achieving timely induction of planned capabilities. In this regard, suitably designed structural mechanism, where well-defined responsibilities are preset, must be prepared. Frivolous handling and wastage of National monetary resource cannot be justified by any means. On this point, the Committee feel that Ministry of Defence needs to take pro-active stand and send strong signals by penalizing those held accountable for the inordinate delays that have taken place during past decade. Effectual guidelines with regard thereto should be formulated and the Committee are informed about the same."

18. The Ministry in its Action Taken Reply has stated as under:—

"The following steps have been taken to reduce 'Time and Cost Overruns' in Shipbuilding cases:

- (i) To prevent cost overruns, all projects are now 'Fixed Cost'. Variable cost option is only considered, where cost is uncertain. Further, provision for revised CCS sanction exists only for variable cost components.
- (ii) Regular Project Reviews are undertaken through Steering Committees.
- (iii) Construction of follow-on ships is undertaken based on same design to reduce build time.
- (iv) Provision for liquidated damages for delay."

19. The Committee appreciate the fact appropriate measures have been initiated by the Ministry for tackling the problem of time and cost overruns in construction and induction of naval vessels. The

Committee desire to be informed of the details of implementation of these measures and the outcome thereof.

F. Accidents

Recommendation (Para No. 11)

20. The Committee had recommended as under:—

“The Committee came to know that there were a total of 59 cases of accidents that took place in Indian Navy’s Fleet since 2007 till Nov 14. In view of the Committee, this is an alarming situation as on one hand we have shortage of fleet and manpower, and on the other hand we are losing our trained manpower to accidents. The Committee have been given to understand that Standard Operating Procedures (SOPs) had been promulgated in the year to check spurt of accidents. However, it was observed that even after promulgation of SOPs, the pace of accidents has not plummeted and in the year 2014 itself, 14 number of accidents had taken place. Therefore, the Committee is of the opinion that promulgation of the current SOPs is ineffective by any extent or mere posturing. This is a very sad state-of-affairs as the Country’s men and money are being worn out in accidents. The Committee takes very serious note of the matter and desire that immediate and apposite action needs to be taken in this regard. It is regretted that Ministry of Defence failed to curb the continuity in occurrence of accidents for over a decade. The situation becomes more grave in the light that Defence Force is considered to be one of the most disciplined organisations. It is pertinent to mention that Ministry of Defence should take cognizance of the matter and take appropriate action. The buck has to stop somewhere. Remedial action taken in regard thereto must be intimated to the Committee.”

Recommendation (Para No. 12)

21. The Committee had recommended as under:—

“In most cases of accidents, the reason specified to the Committee is either material failure or human error. In this context, the Committee would like to be updated on number of cases of these accidents, where the supplier of sub-standard material has been penalized. Details in this regard may be furnished to the Committee in the Action Taken replies.”

Recommendation (Para No. 13)

22. The Committee had recommended as under:—

“Even if the cause of accident is human error, the Committee opines that there is lacuna in training modules which needs to be rectified at the earliest. Ministry of Defence and Naval Headquarters must ensure that proper training is imparted to the Officers/ sailors who are deputed onboard the ships/ submarines as well as ground staff. Unambiguously any kind of delinquencies results into not just material loss but also irreparable human loss. Appropriate action taken thereon should be brought to notice of the Committee.”

23. The Ministry in its Action Taken Reply has stated as under:—

“Standard Operating Procedures (SOPs): A number of steps have been undertaken by the Navy to ensure strict adherence to the laid down SOPs and precautionary measures for various evolutions. Towards this, adherence to promulgated SOPs by all operational units of the Indian Navy is continuously monitored, at all levels, by concerned authorities through the following measures:

- (a) Assessment of adherence to laid down SOPs, through Operational Readiness Assessment (ORA) by Flag Officer Sea Training (FOST);
 - (b) Assessment of adherence to laid down SOPs, through Operational Readiness Inspection (ORI) by respective Commanders-in-Chief;
 - (c) Inspection by Class Authorities; and
 - (d) Inspection of all operational units annually by Operational Authorities to assess their operational efficiency and adherence to laid down SOPs.
2. In last three years (since 2012), 24 accidents involving Indian Naval ships, aircraft and submarines have taken place, out of which seven have been attributed to material failure. However, in none of these seven accidents, the Board of Inquiry had attributed the material failure due to supply of sub-standard material.

3. Training in the Indian Navy is a dynamic process and is regularly imparted to naval personnel right from induction stage. Based on feedbacks, any lacunae in training is regularly analysed and correction is made in the training curriculum/module. Besides this all operational units undergo Safety Audit at least once every year which encompasses all aspects of safety pertaining to men and material of the unit.
4. To ensure that the lessons learnt from any accident/incident in the IN are disseminated to everyone and correctly incorporated in the training curriculum, Incident Study and Analyses Cells (ISAC) have been established at all the IN training establishments. The ISAC analyses all incidents and prepares training material and Computer Aided Instructional (CAI) packages for dissemination of 'Lessons Learnt' during various courses, including PCT classes. In order to facilitate the analysis, ISAC is provided with extracts of Bol/Court Martial proceedings. Similarly, Collision and Grounding Analysis Cell (CAGAC) is functioning at Navigation and Direction school, Kochi for study and analysis of navigational accidents. All this is aimed at creating a 'shared awareness' of findings, recommendations and lessons learnt related to various accidents/incidents. Speedy dissemination through advisories and Case Studies is also carried out in order to avoid recurrence of such incidents in future, and enables requisite course correction to various training modules and courses."

24. The Ministry, in Point No. 2 of the reply appears to have contradicted itself by stating that in the last three years (since 2012), 24 accidents involving Indian Naval ships, aircraft and submarines have taken place, of which seven have been attributed to material failure. However, none of the Board level enquiries constituted to look-into these accidents, has attributed material failure due to supply of sub-standard material, etc. as having led to the accidents. The Committee expect a detailed explanation on this apparent contradiction in furnishing the information. The required information may be submitted in the Action Taken Notes.

G. Budget Outlay 2015-16 Air Force

Recommendation (Para No. 19)

25. The Committee had recommended as under:—

“The projection under Capital head given by Air Force is Rs. 42,758 crore while allocation is Rs. 33,687 crore amounting to a shortfall of Rs. 9,071 crore. The Capital Budget pertains to two main components *viz.* Committed Liabilities + Works and New Schemes. The projection in New Schemes segment is Rs. 12,000 crore whereas the allocation is Rs. 3,264 crore, thus amounting to a noticeable difference of Rs. 9,071 crore. This depicts clear lack of coordination between the Service Headquarters and the Ministry of Defence. The Committee wanted to know the impact that Air Force will face due to deficit by nearly three-fourth of the projected amount under non-salary head. The representatives of Air Force, during oral evidence, submitted that this shortfall would lead to slowdown of modernisation, delay in induction of important capabilities, erosion of IAF’s superiority over our adversaries, resultant asymmetry in capability with respect to envisaged “Threat Perception” and flight safety concerns due to obsolescence issues. This is a grave situation. The representatives of Air Force had also submitted that Air Force has been getting very meagre amount of nearly 1 to 2 thousand crore and that is why there is a huge shortfall of Rs. 9,000 crore. Accordingly, it is requested that the shortfall of Rs. 9,000 crore be met. The Committee understand that IAF had been on the modernisation trajectory in the 11th Plan. There is a need to sustain this momentum in the 12th and 13th Plan periods. Important projects are at critical stages (CNC/CFA approval), hence, slow pace of modernisation will have a cascading effect on those projects as well. For that reason, the Committee observe that adequate budgetary support is required to ensure fructification of these projects. Accordingly, requisite funds be provided to the Service under intimation to the Committee.”

26. The Ministry in its Action Taken Reply has stated as under:—

“This observation of the Committee was conveyed to the Ministry of Finance *vide* D.O. No. 3(7)/Bud-I/61/DefSecy/2015 dated 18th May, 2015. Response has been received from

Ministry of Finance *vide* D.O. letter No. 2(30)-B(AC)/2014 dated 22nd June, 2015 (copy attached). In their reply Ministry of Finance has stated that the observations/recommendations of the Standing Committee on Defence are mostly relating to inadequate allocation of funds for different Services with specific reference to important schemes/projects. Ministry of Finance recognize these commitments and at the time of formulation of budget/revised estimates, resources are allocated on the basis of trend of expenditure, the absorptive capacity in the financial year and the fiscal space available to Government.”

27. The Committee feel that the Ministry of Defence has to put forth their requirement before Ministry of Finance in a more affirmative manner. It is well understood that the allocations would be made subject to factors relating to the fiscal space available. However, the fact that the Air Force is short of critical requirements cannot be ignored. During the past two decades, the pace of modernization has slowed down tremendously and any kind of financial pressure will further hamper the modernization drive of the Service. Therefore, the Committee desire that adequate budgetary provision be made for the Air Force. Accordingly, the Committee expect that the case of the Air Force be presented appropriately before the Ministry of Finance.

H. Hardened shelters

Recommendation (Para No. 30)

28. The Committee had recommended as under:—

“During presentation, the Committee came to know that Su-30 aircraft has no hardened shelters. The Committee are concerned to find that our Air Force is already short of planes and worse than that hardened shelters are not available for even the limited number of aircraft that is available with the Service. In the opinion of the Committee, it is extremely pertinent that no damage is caused to the available aircraft. In this connection, the Committee note that although, the New Generation Hardened Aircraft Shelter (NGHAS) project is conceptualised for this purpose, nevertheless, the Committee desire that there should not be any delay in execution, as such delays have become a common feature of all the projects.”

29. The Ministry in its Action Taken Reply has stated as under:—

“IAF has constructed 16 shelters for Su-30 Class of aircraft between 2004-2007. Further, New Generation Hardened Aircraft Shelter (NGHAS) have been designed by DRDO based on operational requirements projected by the IAF. Presently, the proposal for 108 NGHAS is being examined in the Ministry in consultation with Ministry of Finance.”

30. The Ministry has informed that the case for constructing 108 NGHAS is being examined. The Committee would like to know whether 108 shelters would suffice to meet the requirement of Air Force planes and wish to be updated on the status of constructing the shelters, in the Action Taken Notes. Besides this, the Committee wish to be informed of the date of finalization of the NGHAS design by DRDO and whether the design meets the requirements of and is to the satisfaction of the Air Force. The feedback from Air Force may be furnished to the Committee in the Action Taken Note.

I. Accident Data of Indian Air Force

Recommendation (Para No. 31)

31. The Committee had recommended as under:—

“After going through the Papers submitted by the Ministry, the Committee noted that from May 2007 to January 2015, a total of 83 accidents have taken place in the Air Force. The Committee were baffled to find that these accidents have been consistent over the last decade. The Committee are further perturbed to find that even after formation of so many enquiry committees and their reports, the rate of accidents have not come down which was 6 in 2013 and 7 in 2014. In most of the cases of accidents, the cause was either human error or technical defect. From the above information, it is evident that there is either lacuna in training that is being imparted to our pilots and support officials or the systems installed are technically ill-equipped. In both the cases, the onus lies on the senior level management. It is highly regrettable that consistently large number of accidents have taken place during past decade and as such, Ministry of Defence should have taken cognizance of the matter and made efforts to check the accidents. At this point, the Committee would like to be informed about the action taken by Ministry of Defence against the guilty officials and

suppliers of faulty system during the past ten years. Also, it is extremely important that necessary action be taken to rectify the position so as to ward off accidents and concrete steps be taken in this regard under intimation to the Committee.”

32. The Ministry in its Action Taken Reply has stated as under:—

“IAF conducts Court of Inquiry for all aircraft accidents and take necessary Disciplinary/Administrative action against the personnel held responsible for the accident. It may be noted that for the accidents that occurred during the last 10 financial years (from FY 2005-2006 to till date) IAF has taken Disciplinary action against 14 personnel and Administrative action at various level against 87 personnel. The Indian Air Force has taken various measures as enumerated below to reduce aircraft accidents.

- (a) Invigoration of Aerospace Safety Organization by constitution of an Aircraft Accident and Investigation Board (AAIB) at Air HQ to carry out investigation of all major accidents.
- (b) Analytical Studies and Quality Audits of the aircraft fleets are being carried out to identify vulnerable areas and to institute remedial measures.
- (c) Ornithology Cell has been established at Air HQ, which carries out bird surveys at flying bases and suggests bird prevention modules.
- (d) Regular visits of all flying bases by senior Aerospace Safety functionaries of IAF are being undertaken to apprise and caution the operating units about the causes of the accidents and to obtain views towards enhancing Aerospace Safety. Measures like Operational Risk Management (ORM), Crew Resource Management (CRM) and Air Force System of Error Management (AFSEM) have been implemented to generate a safe flying culture.
- (e) Accident prevention programmes such as Accident Probability Factors (APF) have been given an added thrust to identify risk prone/hazardous areas specific to the aircraft fleet and operational environment to ensure safe practices/procedures.

- (f) The use of simulator is an important tool towards accident prevention. IAF resorts to use of simulators for training of pilots on various inducted aircraft fleet. In a simulator a previous situation can be revisited for better appreciation and actions practised to perfection with no danger to aircrew/ machinery loss. Varying flight conditions and critical emergencies can be regularly practised. Since there is no danger to life/loss of machine, assimilation is enhanced. IAF has inducted various types of simulators in the recent past and is in the process of acquiring more simulators.”

33. The Committee had desired for being furnished with details regarding action taken against the guilty personnel and suppliers of sub-standard material. In their reply, the Ministry has stated that disciplinary action has been taken against 14 personnel and administrative action against 87 personnel. In this regard, the Committee wish to be apprised of the cause of errors that resulted in the accidents, which may *inter alia* include aspects such as improper training, inefficient infrastructure, psychological pressure etc.

In addition, details regarding action taken on the suppliers of faulty material was also sought, which has not been furnished in the reply. The Committee desire to be informed of relevant details in the Action Taken Note.

J. Pilot - Cockpit ratio

Recommendation (Para No. 33)

34. The Committee had recommended as under:—

“The Committee came to know that the sanctioned Pilot to Cockpit ratio in Indian Air Force is 1.25 for fighters, 1.5 for transport planes and just 1 for helicopters. The Committee were astonished to find that the existing ratio is just 0.81 for fighter planes. In the opinion of the Committee, this could also be one of the reasons for high accident rates of our planes. In USA, this ratio is 2:1 and even in Pakistan this is 2.5:1. The Committee take serious view of the fact that our squadron strength is already short of what has been authorised by the Government and moreover, insufficiency in number of available pilots in Air Force further deteriorates our operational capabilities. This attains even greater seriousness as during war time attrition rate is also higher. Our sanctioned strength

for Pilots is less than that of our adversaries and furthermore the existing strength is even much short of the sanctioned strength. The Committee earnestly want that the situation needs overhaul and Ministry of Defence should not close their eyes to the miserable condition of Service. The Pilot to cockpit ratio in Indian Air Force for all types of planes/ helicopters merits urgent attention and therefore, the Committee want all initiatives be taken in this regard and the same be brought to their knowledge.”

35. The Ministry in its Action Taken Reply has stated as under:—

“As on 01.07.2015, there is no shortage in the Officers Cadre, however as brought out at para 33 of the report of the Standing Committee, the existing Pilot to Cockpit ratio in the fighter fleet is 0.81 which is way below the stipulated ratio of 1.25 pilots per seat. The causative factor for this variation emanates from the actual induction of weapon systems and the equipment in the last decade that did not have corresponding sanction of additional manpower. For example, the induction of SU-30 aircraft was a replacement for the MiG-21 fleet and the associated manpower for SU-30 fleet was to be provisioned from the establishment of erstwhile MiG-21 squadrons. SU-30 being a twin seater aircraft requires more pilots than the MiG-21 and hence their induction, without an increment of the establishment of pilots, adversely affected the Pilot to Cockpit ratio. Cabinet Committee on Security (CCS) has accorded in-principle approval *inter-alia* for 166 additional pilots for the SU-30 aircraft on 06.05.2015. The detailed proposal is being examined in consultation with Ministry of Finance. The induction of pilots for these additional authorized posts would be completed by December, 2017. Consequent to that, the pilot to Cockpit ratio is expected to reach the stipulated ratio of 1.25 sanctioned in 1991.”

36. The Committee note that Pilot-Cockpit ratio of 1.25 was sanctioned in 1991. The Committee are perturbed to find that for the last decade the sanctioned strength of pilots has not been commensurate with the requirement. Twin-seater SU-30 planes were inducted in place of MiG planes while pilots were not hired accordingly, thus leaving a void. The fighter planes would obviously be of no use in the absence of trained pilots to fly them. Moreover, the Air force

has already been short of planes. Thus, the fact about shortage of pilots is indeed disturbing to note. The sanctioning of 153 posts of pilot is expected to help in taking the pilot cockpit ratio to 1.25 by 2017. The Committee desire that the induction of pilots be done in a time bound manner and appropriate and adequate training imparted to them.

CHAPTER II

A. OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2)

During deliberations on the subject, the Committee enquired as to how Navy would manage their expenditure with constrained budget and were informed that more grants will be demanded at RE stage. However, the Committee have noted that since the beginning of the 12th Plan period, severe gaps have emerged between BE and RE allocations, which was not so earlier. In the year 2012-13, BE was Rs. 37,314.44 crore while RE was Rs. 29,668.33 crore and in the year 2013-14, the BE was Rs. 36,343.46 crore whereas RE was Rs. 33,582.92 crore. The Committee find it difficult to understand that on one hand, certain amount is allocated at BE which is further declined at RE stage.

In view of the Committee, the situation is grave as provision of much lesser amount at RE than what was committed at BE as a routine, would only lead to ad-hocism in budgeting and subsequently in budget related planning. The Service and Ministry has to put things in order so that more clarity in planning, budgeting and expenditure is visible. Concrete steps towards this end needs to be taken out rightly under intimation to this Committee.

Reply of the Government

The Ministry is constrained by the allocations made by the Ministry of Finance which are lower than the requirements projected by this Ministry. Lesser allocation in RE as compared to BE is due to cut imposed by Ministry of Finance at RE stage. However, additional requirement of funds, as required by the Services, will be projected for inclusion in the Supplementary Grants.

Recommendation (Para No. 9)

As per the data furnished to the Committee, it was found that presently there is a sanctioned strength of 65,468 posts for sailors in Navy, while existing strength of sailors is 54,358. Hence, a shortage of

11,110 or 16.97 per cent. This shortage was 6.39 per cent in 2007. The Committee feels that the country is not short of men and therefore, shortage of manpower in the services could be abridged with properly designed recruitment drive. The Committee wishes to be informed about the specific reasons for this lacuna and appropriate action should be taken in this regard.

Recommendation (Para No. 10)

Even in case of offices, the presently sanctioned and existing strength are 10848 and 9237 respectively, hence a shortage of 1578 or 14.50%. The Committee wishes to know specific reasons for this shortage. Further, Committee, hereby recommend that necessary initiatives be taken to fill the gaps in manpower strength of the Indian Navy.

Along with recruitment, concerted training facilities should also be incorporated so that our Navy is prepared with trained manpower. The Committee may be apprised about the proposed methodology by the Indian Navy to overcome this problem.

Reply of the Government on Para Nos. 9 and 10

Reasons for Shortages. Shortage of sailors in the Indian Navy is being reduced progressively. These shortages have appeared due to accretions in the sanctioned strength for new inductions. Recruitment has also been increased to fill the shortages in a gradual manner. The Navy plans the induction of personnel through a 10-year induction plan in respect of all branches/trades of sailors. The induction plan factors the training capacity of *ab initio* and downstream training institutions. Efforts are being made to avoid cyclic variations in recruitment, which have adverse implications from Human Resource point of view. Measures instituted to mitigate other reasons for shortages among sailors in the Indian Navy, despite robust recruitment, are as follows:—

- (a) *Augmentation of Selection Infrastructure.* In addition to the existing 12 Naval recruitment Establishment (NREs), the Navy utilizes recruitment centres of the Indian Army, Indian Air Force and civilian establishments for recruitment purposes.
- (b) *Training Capacity Constraints.* To address the deficit in training infrastructure, a consolidated case for infrastructure augmentation at INS Chilka is being progressed. Enhanced recruitment would be concurrently planned to reduce extant shortages.

Reasons for Shortage of Officers. The specific reasons for shortages among officers are as follows:—

- (a) Availability of multiple alternative career avenues for youth with the growth of economy.
- (b) The Navy maintains stringent selection criteria to ensure that no compromise in quality in candidates is made at the entry level.

Concerted training facilities. The Indian Navy has also initiated actions to augment training facilities in keeping with the growing recruitment of personnel. Augmentation of training infrastructure at Indian Naval Academy (INA) to cater for the increased training load has been planned in a phased manner.

Recommendation (Para No. 15)

The Committee was informed that Indian Navy is planning a Naval base at Karwar. In this regard, the Committee was informed that all major works in Phase-II approved in Dec. 12, is planned to be completed by 2021. In addition, to enhance basing of ships at Kochi to meet various contingencies in Indian Ocean Region (IOR), Indian Navy plans to acquire 500 meter of berth (extendable to 4.7 km in subsequent phases) and 650 acres of land in the Kochi other Harbour Project. Furthermore, Forward Operating Bases (FOBs) at Tuticorin, and Haldia, OTR Bases at Paradip and various Islands in A&N Islands are also planned. In view of the competitive milieu in the Indian Ocean Region, Committee wise that the aforesaid base at Karwar be accomplished as definitely boost the edge of Indian Navy in the region which is vulnerable to piracy and also beset by security related challenges. The Committee wishes to be updated on the progress made in this regard.

Reply of the Government

The Naval Base at Karwar, comprising of Base depot ship, INS Kadamba, Naval Ship Repair Yard, Material Organisation, Hospital and allied facility are fully operational. Presently, eight ships, including INS Vikramaditya are based at Karwar. The Phase – II A of Project Seabird was sanctioned by the CCS on 06 Dec. 12 for augmentation of infrastructure and other facilities over a ten year period from 2011 to 2021 at a cost of Rs. 13161 crores, based on Jan. 10 rates. Preparatory work for the same is being carried out. Work on ground is likely to commence in mid-2016.

2. The Kochi Outer Harbour Development Plan of Cochin Port Trust (Copt) includes reclamation of 650 acres of land, creation of breakwater and 2000 metre jetty, infrastructure and manpower. The case is still at a planning stage.

3. The project of Forward Operating Bases (FOBs) at Haldia is being processed Rough Indicative Cost (RIC) is under formulation by GE(N) (Kolkata) and thereafter proposal will be examined and processed further.

4. The projects of FOB at Tuticorin and Operational Turn Round (OTR) Base at Paradip are at preliminary stage. Presently, lease of land is being progressed by DEO (Chennai) with Tuticorin Port Trust and DEO (Bhubaneswar) with Paradip Port Trust respectively.

5. The OTR Bases at Kamorta, Campbell Bay and Diglipur in A&N islands are being examined for their viability.

Recommendation (Para No. 16)

The amount projected by Air Force for the year 2015-16 is Rs. 75,824.24 crore, while actually allocated amount is Rs. 56,686.24 crore, thus amounting to a shortfall of Rs. 19,138.00 crore. The Committee note that the allocation is approximately 70% of the projection. As a long term measure, Indian Air Force needs to sustain its modernization trajectory in the coming years to equip itself for collusive threat on two fronts. The Committee feel that curtailment in budgetary provisions will certainly hamper the momentum of the Service to attain deterrence posture against our adversaries. Closing eyes to the short term requirements would only mean compromising the capabilities envisaged in long term plans. Therefore, the Committee desire that sanction of funds should be made in accordance with annual requirements as well as the long-term plans of the Service. The Committee also observe that deficit budgeting is not being pointed out for the first time, rather this has become a common feature of annual budgeting processes of the Ministry of Defence. Therefore, it is desired that stringent and disciplined funding-expenditure pattern should be followed by the Government so that time-bound development initiatives are not derailed for want of resources.

Reply of the Government

This observation of the Committee was conveyed to the Ministry of Finance *vide* D.O. No.3(7)/Bud-I/61/Def Secy/2015 dated 18th May, 2015. Response has been received from Ministry of Finance *vide* D.O. letter No. 2(30)-B(AC)/2014 dated 22nd June, 2015 (copy attached). In their

reply Ministry of Finance has stated that the observations/recommendations of the Standing Committee on Defence are mostly relating to inadequate allocation of funds for different Services with specific reference to important schemes/projects. Ministry of Finance recognize these commitments and at the time of formulation of budget/revised estimates, resources are allocated on the basis of trend of expenditure, the absorptive capacity in the financial year and the fiscal space available to Government.

Recommendation (Para No. 17)

Revenue head projection given by the Service is Rs. 30,932 crore while the actual allocation is Rs. 24,300 crore, thereby amounting to a shortfall of Rs.6,632 crore. The Revenue Budget has two main components *viz.* salary and non-salary expenditure. The projected amount in non-salary segment for BE 2015-16 is Rs. 18,679 crore whereas the fund actually allocated is Rs. 12,550 crore, consequently a shortfall of Rs. 6,129 crore. The Committee wanted to know the impact that Air Force will face due to deficit budgeting by nearly one-third of the solicited amount under non-salary head. With regard to this, during deliberations, the Committee were informed that this fund crunch would lead to inability to support requisite spares and fuel procurement, limitations in training, affecting service ability as older systems require more maintenance, resulting in compromise of Operational Preparedness. This is a grave and unacceptable situation. Besides this, the Committee were also educated that expenditure for Humanitarian Assistance and Disaster Relief missions (Uttarakhand, Jammu and Kashmir Floods) and General Elections added further pressure on already stretched resources. The Committee understand that in order to keep Air Force ever readily geared up for any challenge, it is paramount that no compromises are made in relation to training and maintenance of existing systems which would always require fuel and availability of spares. Therefore, provision of adequate funding under revenue head is of utmost importance. So, the Committee recommend that the Ministry of Defence must ensure provision of additional Rs. 6,000 crore to Air Force at RE 2015-16 stage.

Reply of the Government

This observation of the Committee was conveyed to the Ministry of Finance *vide* D.O. No. 3(7)/Bud-I/61/Def Secy/2015 dated 18th May, 2015. Response has been received from Ministry of Finance *vide* D.O. letter No. 2(30)-B(AC)/2014 dated 22nd June, 2015 (copy attached). In their reply Ministry of Finance has stated that the observations/recommendations of the Standing Committee on Defence are mostly relating to inadequate allocation of funds for different Services with

specific reference to important schemes/projects. Ministry of Finance recognize these commitments and at the time of formulation of budget/ revised estimates, resources are allocated on the basis of trend of expenditure, the absorptive capacity in the financial year and the fiscal space available to Government.

Recommendation (Para No. 20)

For the year 2014-15, the BE projection was Rs. 89,481.74 crore while BE allocation was that of Rs. 54,217.52 crore. The projection and allocation made at RE 2014-15 stage were Rs. 61,316.75 crore and Rs. 53,896.54 crore respectively. It is observed that the fund provided at RE stage is even less than the amount committed at BE stage, leave aside provision of additional grants at RE stage. The Committee opine that RE allocation being even lesser than the BE allocations, the budgetary trend needs severe corrections. Unfortunately, non-seriousness of Government towards needs of Air Force is visible in the budget pattern which needs to be relooked into with all gravity. In relation to this, the Committee desire that corrective measures be taken, at once, so as to ensure that the Service does not suffer for want of resources. The Committee be informed about the same.

Reply of the Government

Lesser allocation in RE as compared to BE is due to cut imposed by Ministry of Finance at RE stage. However, additional requirement of funds, as required by the Services, will be projected for inclusion in the Supplementary Grants.

Recommendation (Para No. 21)

The Committee observe that the financial year 2011-12 onwards, Air Force had been able to fully utilize modernization budget provided to them. It was also evident that the spending pattern of Air Force had steadily improved over the 11th Plan period and their actual expenditure had, in fact, exceeded the RE allocations during the last three years. In the current year, a provision of Rs. 33,686.75 crore has been made in BE for modernisation of the Air Force against a projection of Rs. 42,758 crore, hence a shortfall of Rs.9,071 crore. In this context, the representatives of Air Force deposed before the Committee that the amount of money allocated for Capital schemes has reduced over the last two-three years. As a consequence, Air Force has not signed major contracts. The Air Force is getting only Rs. 1,000 crore to Rs. 2,000 crore for new schemes. In the view of the Committee, upgradation of Air Force is indispensable as the squadron strength and cockpit to pilot ratio is already grim which

are separately mentioned in the paragraphs here under. Therefore provision of adequate budget is imperative for modernization of Air Force.

Reply of the Government

This observation of the Committee was conveyed to the Ministry of Finance *vide* D.O. No. 3(7)/Bud-I/61/DefSecy/2015 dated 18th May, 2015. Response has been received from Ministry of Finance *vide* D.O. letter No. 2(30)-B(AC)/2014 dated 22nd June, 2015 (copy attached). In their reply Ministry of Finance has stated that the observations/recommendations of the Standing Committee on Defence are mostly relating to inadequate allocation of funds for different Services with specific reference to important schemes/projects. Ministry of Finance recognize these commitments and at the time of formulation of budget/revised estimates, resources are allocated on the basis of trend of expenditure, the absorptive capacity in the financial year and the fiscal space available to Government.

Recommendation (Para No. 22)

The Committee, while examining the subject, had found that the required and existing strength of Air Force are not analogous. The IAF today has 35 active fighter squadron as against Government authorised strength of 42 squadrons. With regard to this, the representatives of Air Force deposed before the Committee that a drawdown has already begun and by 2022 Air Force will be around just 25 squadron thereby losing even the slight edge over rival neighbouring nation. More to the point, the country has to look at the threat *vis-à-vis* other hostile countries in the region as well. Consequently, it was intimated that the IAF requires at least 45 fighter squadrons to counter a two front collusive threat. On enquiring about the reasons for gap in the squadron strength, the Committee were informed that the gap exists because the rate at which fighter aircraft are retiring, after completion of their total technical life exceeds the rate at which their replacements are being inducted into the IAF. The Committee while being concerned to know how the Ministry proposes to fill the gaps during the ongoing and ensuing Plan periods, found that in order to fill the gap, IAF has contracted 272 Su-30 MKI fighter aircraft to form 13 Squadron. The delivery of Su-30 MKI will continue till 2030, resulting in equipping 3 more squadron in the next 4 to 5 years. Further, induction of Light Combat Aircraft (LCA) and Medium Multi Role Combat Aircraft (MMRCA) is also envisaged. The MMRCA project is at Contract Negotiation Committee (CNC) stage. IAF has accepted the first Series Production LCA on 17 January 2015 and the second aircraft is expected to be inducted by March 2015. In addition

to these, design/ development of Fifth Generation Fighter Aircraft (FGFA) is under progress. If all procurements fructify as planned, the IAF is likely to achieve the Government authorised strength of 42 Squadron only by the end of the 15th Plan Period. However, in spite of all the efforts being undertaken in this regard, the Committee are perturbed to note that no concrete results have come out so far from MMRCA negotiations and LCA has certain design/development related issues that needs to be relooked into or else it will not serve any purpose for Air Force. With regard to the budgetary provision, this year an amount of Rs. 18,866.00 crore have been allocated towards procurement of aircraft and aero engines. This amount is much less than the actual expenditure incurred under this head during the last two years *i.e.* 2013-14 and 2014-15, which were Rs. 29069.00 and Rs. 21280.38 respectively. At this point of time, the Committee opine that there is a dire need for paradigm shift from complacency to perfection. The Committee desire that these projects are accelerated and at the same time all efforts be made to initiate design/ development of FGFA, so that the country's long term air defence needs are addressed and our Air Force earns crucial strategic advancement over the adversaries.

Reply of the Government

As per India-France Joint Statement issued by the two countries during the Prime Minister's visit to France, Government of India conveyed to the Government of France that in view of the critical operational necessity for Multirole Combat Aircraft for Indian Air Force, Government of India would like to acquire 36 Rafale jets in fly-away condition as quickly as possible. The two leaders agreed to conclude an Inter-Governmental Agreement for supply of the Aircraft on terms that would be better than conveyed by Dassault Aviation as part of a separate process underway; the delivery would be in time-frame that would be compatible with the operational requirement of IAF; and that the aircraft and associated systems and weapons would be delivered on the same configuration as had been tested and approved by Indian Air Force, and with a longer maintenance responsibility by France.

A negotiating Team has been constituted under the Chairmanship of DCAS, Air HQrs to negotiate the terms and conditions of procurement of 36 Rafale jets in fly-away condition and recommend the draft agreement. The Negotiating Team is presently conducting negotiations with the French side and after completion of the same it will submit its report.

Further, Infrastructure is in place for production of 8 Light Combat Aircraft (LCA) per annum and HAL is ready for production of the aircraft. However, Standard Operative Procedure (SOP) of the aircraft to be frozen

will happen after Final Operation Clearance (FOC), which is planned in December, 2015. Against 20 Initial Operation Clearance (IOC) Contract, First Series Production aircraft was handed over to IAF on 17.01.2015. Production of 3 aircraft has been planned during Financial Year 2015-16. Balance aircraft are planned to be completed by 2017-18. Delivery of 20 FOC standard aircraft is linked to the FOC clearance.

The development of Fifth Generation Fighter Aircraft (FGFA) is under active discussion between India and Russia.

Recommendation (Para No. 23)

For New schemes, this year, Air Force had projected an amount of Rs. 12,000 crore, however, the allocation earmarked is merely of Rs. 3,264 crore. It is recommended that sufficient funds must be allocated to Air Force for new schemes so that contracts for aircraft design, development and acquisition are not hampered in any way. Accordingly, Ministry of Finance should be impressed upon and the Committee wish to be apprised about the requisite action taken in this regard.

Reply of the Government

This observation of the Committee was conveyed to the Ministry of Finance *vide* D.O. No. 3(7)/Bud-I/61/DefSecy/2015 dated 18th May, 2015. Response has been received from Ministry of Finance *vide* D.O. letter No. 2(30)-B(AC)/2014 dated 22nd June, 2015 (copy attached). In their reply Ministry of Finance has stated that the observations/recommendations of the Standing Committee on Defence are mostly relating to inadequate allocation of funds for different Services with specific reference to important schemes/projects. Ministry of Finance recognize these commitments and at the time of formulation of budget/revised estimates, resources are allocated on the basis of trend of expenditure, the absorptive capacity in the financial year and the fiscal space available to Government.

Recommendation (Para No. 24)

In addition to this, the Committee also desire that such necessary framework should be brought in place so as to ensure that induction and de-induction processes are commensurate with each other and occurrence of such wide gaps in fleet strength is not allowed at all. In this regard, re-structured mechanism must be created where responsibility is assigned at appropriate levels and Committee be informed about the same.

Reply of the Government

To ensure that the de-induction and induction process are commensurate with each other, IAF has been initiating new procurement cases sufficiently in advance to cater for systemic and institutional delays, and projecting the requirements of new aircraft so that they can be inducted in time. While as an immediate step, monitoring of all defence acquisition schemes has been strengthened at MoD and Service HQ, MoD is in the process of revising the Defence Procurement Procedures with an objective of aligning it with the 'Make in India' initiative of the Government and also to bring in greater accountability and assigning responsibility at the appropriate levels of defence acquisition planning and execution.

Recommendation (Para No. 25)

During the examination of the subject, the Committee came to know that trainer Aircraft held by the IAF currently include Basic Trainer Aircraft (BTA), Intermediate Jet Trainer (IJT) and Advance Jet Trainer (AJT). The related research of the Committee brought out that the existing trainer aircraft strength is 274 as against the sanctioned strength of 430. Simulators have also been provided for each type of aircraft. The Committee came to know that in the year 2014-15, an amount of Rs. 2,245.48 crore was allocated for procurement of trainer aircraft whereas for the year 2015-16 an amount of Rs. 1197.17 crore has been allocated for this purpose. As far as the basic trainers are concerned, in view of the delays in the development of HTT-40 BTA by Hindustan Aeronautics Limited (HAL), Defence Acquisition Council (DAC) on 28th February 2015, approved the procurement of additional 38 PC-7 MK-II aircraft under 'Option Clause' of the procurement contract, subject to certain conditions. The Committee desire that necessary funds are provided and measures be taken to fulfil the requirement of basic trainer in Air Force at the earliest.

Reply of the Government

The Defence Acquisition Council (DAC) on 28th February, 2015, accorded AoN for procurement of additional 38 x PC-7 MK-II aircraft and associated equipment under 'Option Clause' of the procurement contract dated 24.5.2012 subject to certain conditions, at an estimated cost of Rs. 1766 crore. DAC also directed M/s HAL to develop 70 Basic Trainer Aircraft and to commit itself to specific developmental timelines that would be monitored on a periodic basis by an appropriately constituted empowered Committee or by the Integrated Project Management Team (IPMT).

Further, the DAC on 13th May, 2015 approved the issuance of Letter of Intent (LoI) for procurement of additional 38 x PC-7 MK-II aircraft. The LoI has been issued by Ministry of defence on 21.5.2015.

Recommendation (Para No. 26)

The Intermediate stage of flying training is presently being conducted on the Kiran aircraft which has already started retiring. The Kiran aircraft were planned to be replaced by the HAL built Intermediate Jet Trainer (IJT). However, the IJT has been under development for the past 15 years and has still not achieved Initial Operational Clearance (IOC). As a consequence IAF is planning to extend the life of the Kiran aircraft. Simultaneously, IAF is looking at options to meet the Intermediate flying training requirements of pilot trainees. This could include use of the BTA to also undertake the Intermediate stage training syllabus (Stage-II flying). The Committee are baffled to find that using Stage-I trainer aircraft to fulfil requirement of Stage-II flying is being considered as an option to compensate for unavailability of trainer aircraft at Stage-II. It is difficult for the Committee to understand that in a span of 15 years, HAL could not deliver IJTs. At this point, the Committee would like to be informed in detail about the action taken against HAL by the Ministry of Defence for their non-performance. Besides this, the Committee also recommend that appropriate steps be taken to acquire the IJTs so that our pilots training module is not compromised at any stage as such compromises are bound to be detrimental. Further, it is recommended that adequate funds should be provided to meet these requirements of Air Force under intimation to the Committee.

Reply of the Government

Present Status of IJT: The Initial Operational Clearance (IOC) for the IJT scheduled in 2004 has still not been achieved as the IJT project has encountered design flaws, which prevent it from being cleared for safe execution of Stall and Spin. HAL had contracted BAES of UK as a consultant for resolving the Stall and Spin issues on 26 December, 2012. The joint analysis by HAL and BAES revealed that major Structural modifications will have to be incorporated in the IJT for it to achieve the requisite spinning characteristics.

2. The IJT after undergoing structural modifications would need to be again flight tested for handling characteristics in the entire flight envelope before undertaking Stall tests prior to Spin testing. The entire flight test campaign for 'Spin Testing' on a trainer class of aircraft is time consuming and can take minimum two to five years to certify the trainer aircraft for 'Spinning'.

3. The Russian OEM initially delivered the 'AL-55i' engine for IJT with a 'Time Between Overhaul' (TBO) of only 100 hours against the contracted specification of 1200 hours. After three years, the Russian OEM has increased the 'Time Between Overhaul' to 300 hours.

4. All Design and Development Projects have an inherent risk of not succeeding. There is always a scope to induct systems off a Design and Development Project with marginally lower performance with an aim to improve its performance in future but such a scope does not exist while inducting the IJT, wherein in the shortfalls have 'Training Inadequacy' and 'Flight Safety' implications. HAL is still carrying out redesigning of the IJT.

5. Future Flying Training Pattern in IAF and Action Taken:

In view of the slow progress in the Design and Development process of IJT wherein the aircraft performance, aero-engine life and induction timelines cannot be predicted and the reality of Kiran aircraft retiring before induction of IJT, Air HQ has been in the process of ascertaining various options to conduct Intermediate Flying Training. Recently, Air HQ has also studied the feasibility of conducting 'Two Aircraft Type Flying Training' pattern instead of the currently followed 'Three Aircraft Type Flying Training' pattern. In the revised pattern trainee pilots will graduate directly from the Basic Trainer Aircraft (BTA) to 'Hawk' Advanced Jet Trainer (AJT) for which the trainees will be given increased flying training on both the BTA and the AJT. 'PC-7 Mk II' recently inducted in IAF for Stage-I flying training of *ab-initio* pilots, is an excellent basic trainer as per the feedback from Training Command and the 'Hawk' AJT is already operational in IAF for Stage-III flying training of fighter pilots. IAF has decided to introduce 'Two Aircraft Type Flying Training' pattern wherein Stage-I will be conducted on the BTA and flying of Stage-II will be suitably divided between BTA and AJT from the 'Flying Course' commencing in June 2015. The number of flying trainees being switched from 'Three Aircraft Type Flying Training' pattern to 'Two Aircraft Type Flying Training' pattern will be initially low and will progressively increase commensurate to the increase in the number of BTA inducted.

6. In view of the observations of C&AG, all payments for IJT were stopped from financial year 2013-14. DDP, MoD has been asked to continue with Design and Development activities on the IJT but the series production of IJT should be put on hold until Stall and Spin related issues are fully resolved and the Standard of Preparation is frozen/approved by Centre for Military Airworthiness and Certification (CEMILAC).

Recommendation (Para No. 27)

With regard to the advance trainers, IAF has contracted a total of 106 Hawk Mk-132 AJT aircraft. The deliveries are likely to be completed by 2016. The Committee wish that stringent timelines are followed in delivery of these aircraft and requisite funding be dedicated to meet the requirement.

Reply of the Government

Against the contracted 106 Hawk Mk-132 AJT aircraft from British Aerospace Systems (BAES), 90 aircraft have been delivered till date. The balance 16 aircraft are likely to be delivered by July 2016, as per the contract.

Recommendation (Para No. 28)

The Committee came to know that there are total of 53 airfields, of which permanent Airfield Lighting System (AFLS) is available at 42 airfields. The reasons for not having night landing facilities at all bases were stated as Limited night operations being conducted at airfields not having permanent airfield lighting and the requirement is met using alternate/portable/mobile airfield lighting system. It was informed that installation of permanent Airfield Lighting System is planned under Project "Modernisation of Airfield Infrastructure". The project is planned in two phases *viz.* MAFI phase-I and MAFI phase-II. The envisaged date of completion of Modernisation of Airfield Infrastructure (MAFI) Project Phase-I is September 2016. The contract for MAFI Project Phase-II has not been signed. However, it is envisaged that MAFI Project Phase-II of 37 airfields, at the rate of six airfields in a period of six months, will take three and half years after the signing of contract. The Committee were informed that in the current financial year, a budget allocation of Rs. 235 crore had been made for strengthening/re-surfacing of runways at the IAF airfields. Over and above this, Rs. 49 crore had been allocated for the repair of the facilities at the airfields. The Committee desire that these funds are optimally and transparently utilized during the year and desired results are achieved. The Committee wish to be apprised about the spending of these funds during the year ahead and outcome thereof.

Reply of the Government

MAFI

The envisaged date of completion of Modernisation of Airfield Infrastructure (MAFI) Project Phase-I is September 2016. In MAFI

Project Phase-II, the modernisation of 37 airfields is expected to be completed at the rate of six airfields every six months after signing of contract.

2. Strengthening/Resurfacing of Runways. There were total of seven projects costing Rs. 1612 crore for resurfacing of runway planned in Annual Major Works Plan of 2014-15. These seven airfields were:—

- (a) BakshiKa Talab
- (b) Jamnagar
- (c) Suratgarh
- (d) Sirsa
- (e) Bagdogra
- (f) Pune
- (g) Barrackpore

Out of these seven runways, three runway resurfacing works (at Sl. No. (a), (b) and (c) above) have been approved and funds released by 31 March 2015. Rs. 235.32 Crore were sanctioned during the FY 2014-15 towards runway resurfacing. The expenditure as per Monthly Expenditure Return (MER) is Rs. 225.46 crore. Under Runway/Airfield maintenance Rs. 48.14 crore had been allotted to all commands. The entire amount of funds allotted under Runway/Airfield maintenance has been spent.

Recommendation (Para No. 29)

The State Government of Arunachal Pradesh had agreed to transfer the maintenance of operations of Tuting, Mechuka, Along, Vijayanagar and Ziro Advance Landing Grounds (ALGs) to Ministry of Defence (MoD) *vide* a Memorandum of Understanding (MoU) signed on 09 June 2009. The ALGs of Tawang and Walong were already under the operational control of Army. The modernisation/upgradation programme of the ALGs for provisioning of operational, maintenance and administrative infrastructure are being undertaken. For the development of Defence infrastructure in the North-East, IAF separately had allocated a total of Rs. 389 crore for development of seven Advance Landing Grounds in Arunachal Pradesh. The Committee are dismayed at very slow pace of progress and desire that the work is accomplished in efficient manner and the same be brought to the knowledge of the Committee.

Reply of the Government

The reasons for slow progress of work in the beginning of the contract was due to:—

- (a) Land acquisition cases
- (b) Security related reasons in the NE region
- (c) Threat to the contractors and their personnel/labour from the local population/mafia.
- (d) Removal of encroachment cases
- (e) Non-availability of labour in certain areas
- (f) Difficulty in Mobilization of resources by the contractors due to road conditions and adverse weather conditions (landslides, etc.)

2. All the above reasons were major contributing factors during initial period which resulted in time loss. Regular follow-up meetings by Apex Steering Committee are being held to resolve all these issues and to ensure timely action.

3. The progress of each ALG (as on 10 May 2015) along with Probable Date of Completion (PDC) is as given below:—

Sl.No.	ALG	OVERALL %	PDC
1.	Walong	90	Jul. 2015
2.	Ziro	72	Jun. 2015
3.	Passighat	49	Sep. 2015
4.	Mechuka	42	Oct. 2015
5.	Tuting	32	Nov. 2015
6.	Along	46	Jun. 2015
7.	Tawang	13	Dec. 2016

- 4.(a) The CCS Sanction to develop 8 ALGs was accorded on 26 June 2009 for Rs. 1753.32 crore. Out of 8 ALGs, work could not commence at Vijayanagar ALG due to lack of road connectivity between Miao and Vijayanagar, a distance of 157 KM.
- (b) The case was taken up with ADGMO (B) for construction of road between Miao and Vijaynagar by the BRO. ADGMO has stated that with present capability, BRO is finding it difficult to meet the laid down targets. ADGMO suggested to take

up the issue with State Government to task PWD to undertake the repair work. Construction of road was also planned by the State Government of Arunachal on a different alignment. During the 20th Apex Steering Committee (ASC), when enquired, the Resident Commissioner expressed difficulty in taking up the project due to paucity of funds. However, he stated that he will once again take up the issue with the State Government of Arunachal Pradesh.

- (c) The issue was again taken up in 21st Apex Steering Committee Meeting where representative of ADGMO informed that the priority is now on completion of old projects some of which are delayed upto 10 years. No new proposal is being accepted and Vijayanagar is at low priority.

5. Hence, this ALG will be developed after road connectivity to Vijayanagar is established by the State Government.

Recommendation (Para No. 32)

The sanctioned posts for officers in Air Force is 11,895 and actual strength is 11,743. In case of airmen, the sanctioned strength is 1,35,227 and the existing strength is 1,32,922, thus the shortfall in strength is 2,305. The Ministry had mentioned that concerted efforts are made and various initiatives have been taken from time to time to curtail the shortages which include proactive steps like publicity measures and simplification of selection process. As regards airmen, a total of 4,144 recruits are undergoing training thereby fulfilling the current requirement of airmen. While appreciating the efforts, the Committee desire that these measures should be taken in all earnest so that differences in existing and sanctioned strength is abridged in the coming year.

Reply of the Government

Concerted efforts and proactive steps instituted by IAF in the recent past have fructified in reducing the shortages of Officers and Airmen. IAF has instituted measures that would ensure maintaining the strength of IAF at par with the authorized establishment. The present efforts would be sustained in the right earnest.

The Establishment and the present strength of officers as on 01.07.2015 is same *i.e.* 11978. The strength of airmen as on 01.07.2015 is 129610 against an establishment of 136274 leading to a deficiency of 6664.

Presently, a total of 6152 recruits are undergoing training thereby fulfilling the current requirement. Induction in airmen cadre has been planned for 5000 per annum till the year 2016, with provision to gradually increase it to 6000 per annum from the year 2018, by which time IAF will be able to bring the strength at par with the authorized establishment.

B. OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN
ACCEPTED BY THE GOVERNMENT AND COMMENTED UPON

Recommendation (Para No. 1)

This year Navy had projected an amount of Rs. 44,814.71 crore while the allocations made by the Ministry is that of Rs. 40,528.88 crore *i.e.* less by Rs. 4,215.83 crore. In the year, 2014-15, RE projection was Rs. 38,656.82 crore whereas actual allocation was that of Rs. 32,442.86 crore, thus a deficit budget by Rs. 6,213.96 crore. The Committee feel that the deficit budgeting at RE 2014-15 stage is already there and a further shortfall of approx. Rs. 4,200 crore in this year's BE will not only put more pressure on already stretched Naval budget but is also not understandable as to how a shortfall of Rs. 10,413.96 crore will be managed during 2014-15. The Ministry of Defence may explain this. Navy, in any case, is facing fleet and manpower crunch which have been separately dealt with in the succeeding paragraphs of this Report. Therefore, adequate budgetary support is quintessence for desired performance outcome of the Service.

Reply of the Government

The Ministry is constrained by the allocations made by the Ministry of Finance which are lower than the requirements projected by this Ministry. Nevertheless, additional requirement of funds, as required by the Services, will be projected for inclusion in the Supplementary Grants.

(For comments of the Committee please *see* Para No. 7
of Chapter-I)

Recommendation (Para No. 4)

In the year 2014-15, for new schemes, the amount allocated at RE stage was Rs. 663.92 crore and the amount actually spent upto 16 March 2015 was Rs. 2,457.07 crore *i.e.* 370.08% of the RE allocations. In this context, the Committee further feel that provision of funds at a very late stage could also be a reason for inadequacies in budgeting and expenditure pattern. Therefore, the situation needs to be rectified and time bound decisions on allocations and expenditure should be taken at all levels, be it Ministry of Finance, Ministry of Defence or Navy. It is suggested that a standard operating procedure (SOP) be laid down, giving the time frame within a week various decisions and actions ought be taken by

the Ministry of Finance, Ministry of Defence and the Service concerned. It is needless to say that the Committee be informed about the steps taken with regard.

Reply of the Government

It may be noted that allocation for New Schemes for the Navy during 2014-15 was lower than the projections. However, as approval of schemes proceeded beyond funds allocated for Navy, additional funds were provided for the same. In this case prompt and time bound decision was taken to ensure optimum utilisation of scarce resources.

(For comments of the Committee please *see* Para No. 13 of Chapter-I)

Recommendation (Para No. 8)

The Committee was informed that acquisition of defence equipment is undertaken in accordance with the Defence Procurement Procedure. After gleaning through the documents submitted by the Ministry, the Committee found that there had been huge cost and time overruns in almost all the production/developmental projects presently being undertaken for Navy. In case of P-15A, which is being constructed at Mazagaon Dock Limited (MDL), the initial delivery dates of the Yards 12702 and 12703 were March 2009 and March 2010 respectively. However the same were revised to May 2011 and May 2012 in that order. The project could not be accomplished even by the re-scheduled dates. As a result, the targeted delivery dates have once again been reset as June 2015 and December 2015. As far as the cost of the project is concerned, the original cost was Rs. 3580 crores which has been revised to Rs. 11662 crores. Similar is the case of P-28 (M/s GRSE) where the initial delivery dates of Yard 3018, 3019 and 3020 were 2009, 2011 and 2012 respectively, which were revised to March 2015, March 2016 and March 2017 in that order. Also, the original cost of Rs. 3051.20 crores was revised to Rs. 7852.39 crores. Just like, the delivery schedule of IAC has been revised from December 2010 to December 2018, along with cost revision for the same from Rs. 3261 crores to Rs. 19341 crores. Identical are the cases of Naval Offshore Patrol Vessels (M/s Pipavav Shipyard), Fast Interceptor Crafts (M/s Solas Marine Lanka, Sri Lanka), Landing Craft Utility (M/s GRSE, Kolkata), Water Jet Fast Attack Crafts (M/s GRSE, Kolkata), Cadet Training Ships (M/s ABG Shipyard) and Survey Vessels

(M/s Alcock Ashdown Ltd. Gujarat), where repeated time revisions and enormous cost escalations have taken place and have become a routine. The Committee was given to believe varied reasons for the above mentioned delays such as untimely supply of material, infrastructural constraints, delay in commencement of the projects, etc. Yet, the Committee unambiguously make an observation that such delays could have been avoided by bringing in better intelligibility, vision and co-ordination among the development agencies, production units and final users along with periodical performance appraisals. Accordingly, it is suggested that in future, result oriented efforts must be made in order to ensure highest level of precision, transparency and probity, whilst achieving timely induction of planned capabilities. In this regard, suitably designed structural mechanism, where well-defined responsibilities are preset, must be prepared. Frivolous handling and wastage of National monetary resource cannot be justified by any means. On this point, the Committee feels that Ministry of Defence needs to take pro-active stand and send strong signals by penalizing those held accountable for the inordinate delays that have taken place during past decade. Effectual guidelines with regard thereto should be formulated and the Committee is informed about the same.

Reply of the Government

The following steps have been taken to reduce 'Time and Cost Overruns' in Shipbuilding cases:—

- (i) To prevent cost overruns, all projects are now 'Fixed Cost'. Variable cost option is only considered, where cost is uncertain. Further, provision for revised CCS sanction exists only for variable cost components.
- (ii) Regular Project Reviews are undertaken through Steering Committees.
- (iii) Construction of follow-on ships is undertaken based on same design to reduce build time.
- (iv) Provision for liquidated damages for delay.

(For Comments of the Committee please see Para No. 19 of Chapter-I)

Recommendation (Para No. 11)

The Committee came to know that there were a total of 59 cases of accidents that took place in Indian Navy's Fleet since 2007 till Nov. 2014. In view of the Committee, this is an alarming situation as on one hand we have shortage of fleet and manpower, and on the other hand we are losing our trained manpower to accidents. The Committee have been given to understand that Standard Operating Procedures (SOPs) had been promulgated in the year to check spurt of accidents. However, it was observed that even after promulgation of SOPs, the pace of accidents has not plummeted and in the year 2014 itself, 14 number of accidents had taken place. Therefore, the Committee is of the opinion that promulgation of the current SOPs is ineffective by any extent or mere posturing. This is a very sad state-of-affairs as the Country's men and money are being worn out in accidents. The Committee takes very serious note of the matter and desire that immediate and apposite action needs to be taken in this regard. It is regretted that Ministry of Defence failed to curb the continuity in occurrence of accidents for over a decade. The situation becomes more grave in the light that Defence Force is considered to be one of the most disciplined organisations. It is pertinent to mention that Ministry of Defence should take cognizance of the matter and take appropriate action. The buck has to stop somewhere. Remedial action taken in regard thereto must be intimated to the Committee.

Recommendation (Para No. 12)

In most cases of accidents, the reason specified to the Committee is either material failure or human error. In this context, the Committee would like to be updated on number of cases of these accidents, where the supplier of sub-standard material has been penalized. Details in this regard may be furnished to the Committee in the Action Taken replies.

Recommendation (Para No. 13)

Even if the cause of accident is human error, the Committee opines that there is lacuna in training modules which needs to be rectified at the earliest. Ministry of Defence and Naval Headquarters must ensure that proper training is imparted to the Officers/sailors who are deputed onboard the ships/submarines as well as ground staff. Unambiguously any kind of delinquencies results into not just material loss but also irreparable human loss. Appropriate action taken thereon should be brought to notice of the Committee.

Reply of the Government on Para Nos. 11, 12 and 13

Standard Operating Procedures (SOPs) a number of steps have been undertaken by the Navy to ensure strict adherence to the laid down SOPs and precautionary measures for various evolutions. Towards this, adherence to promulgated SOPs by all operational units of the Indian Navy is continuously monitored, at all levels, by concerned authorities through the following measures:—

- (a) Assessment of adherence to laid down SOPs, through Operational Readiness Assessment (ORA) by Flag Officer Sea Training (FOST);
- (b) Assessment of adherence to laid down SOPs, through Operational Readiness Inspection (ORI) by respective Commanders-in-Chief;
- (c) Inspection by Class Authorities; and
- (d) Inspection of all operational units annually by Operational Authorities to assess their operational efficiency and adherence to laid down SOPs.

2. In the last three years (since 2012), 24 accidents involving Indian Naval ships, aircraft and submarines have taken place, out of which seven have been attributed to material failure. However, in none of these seven accidents, the Board of Inquiry had attributed the material failure due to supply of sub-standard material.

3. Training in the Indian Navy is a dynamic process and is regularly imparted to naval personnel right from induction stage. Based on feedbacks, any lacunae in training is regularly analysed and correction is made in the training curriculum/module. Besides this all operational units undergo Safety Audit at least once every year which encompasses all aspects of safety pertaining to men and material of the unit.

4. To ensure that the lessons learnt from any accident/incident in the IN are disseminated to everyone and correctly incorporated in the training curriculum, Incident Study and Analyses Cells (ISAC) have been established at all the IN training establishments. The ISAC analyses all incidents and prepares training material and Computer Aided Instructional (CAI) packages for dissemination of 'Lessons Learnt' during various

courses, including PCT classes. In order to facilitate the analysis, ISAC is provided with extracts of Bol/Court Martial proceedings. Similarly, Collision and Grounding Analysis Cell (CAGAC) is functioning at Navigation and Direction School, Kochi for study and analysis of navigational accidents. All this is aimed at creating a 'shared awareness' of findings, recommendations and lessons learnt related to various accidents/incidents. Speedy dissemination through advisories and Case Studies is also carried out in order to avoid recurrence of such incidents in future, and enables requisite course correction to various training modules and courses.

(For comments of the Committee please see Para No. 24 of Chapter- I)

Recommendation (Para No. 19)

The projection under Capital head given by Air Force is Rs. 42,758 crore while allocation is Rs. 33,687 crore amounting to a shortfall of Rs. 9,071 crore. The Capital Budget pertains to two main components viz. Committed Liabilities + Works and New Schemes. The projection in New Schemes segment is Rs. 12,000 crore whereas the allocation is Rs. 3,264 crore, thus amounting to a noticeable difference of Rs. 9,071 crore. This depicts clear lack of coordination between the Service Headquarters and the Ministry of Defence. The Committee wanted to know the impact that Air Force will face due to deficit by nearly three-fourth of the projected amount under non-salary head. The representatives of Air Force, during oral evidence, submitted that this shortfall would lead to slowdown of modernisation, delay in induction of important capabilities, erosion of IAF's superiority over our adversaries, resultant asymmetry in capability with respect to envisaged "Threat Perception" and flight safety concerns due to obsolescence issues. This is a grave situation. The representatives of Air Force had also submitted that Air Force has been getting very meagre amount of nearly 1 to 2 thousand crore and that is why there is a huge shortfall of Rs. 9,000 crore. Accordingly, it is requested that the shortfall of Rs. 9,000 crore be met. The Committee understand that IAF had been on the modernisation trajectory in the 11th Plan. There is a need to sustain this momentum in the 12th and 13th Plan periods. Important projects are at critical stages (CNC/CFA approval), hence, slow pace of modernisation will have a cascading effect on those projects as well. For that reason, the Committee observe that adequate budgetary support is required to

ensure fructification of these projects. Accordingly, requisite funds be provided to the Service under intimation to the Committee.

Reply of the Government

This observation of the Committee was conveyed to the Ministry of Finance *vide* D.O. No. 3(7)/Bud.-I/61/DefSecy/2015 dated 18th May, 2015. Response has been received from Ministry of Finance *vide* D.O. letter No. 2(30)-B(AC)/2014 dated 22nd June, 2015 (copy attached). In their reply Ministry of Finance has stated that the observations/recommendations of the Standing Committee on Defence are mostly relating to inadequate allocation of funds for different Services with specific reference to important schemes/projects. Ministry of Finance recognize these commitments and at the time of formulation of budget/revised estimates, resources are allocated on the basis of trend of expenditure, the absorptive capacity in the financial year and the fiscal space available to Government.

(For comments of the Committee please *see* Para No. 27 of Chapter-I)

Recommendation (Para No. 30)

During presentation, the Committee came to know that Su-30 aircraft has no hardened shelters. The Committee are concerned to find that our Air Force is already short of planes and worse than that hardened shelters are not available for even the limited number of aircraft that is available with the Service. In the opinion of the Committee, it is extremely pertinent that no damage is caused to the available aircraft. In this connection, the Committee note that although, the New Generation Hardened Aircraft Shelter (NGHAS) project is conceptualised for this purpose, nevertheless, the Committee desire that there should not be any delay in execution, as such delays have become a common feature of all the projects.

Reply of the Government

IAF has constructed 16 shelters for Su-30 Class of aircraft between 2004-07. Further, New Generation Hardened Aircraft Shelter (NGHAS) have been designed by DRDO based on operational requirements projected

by the IAF. Presently, the proposal for 108 NGHAS is being examined in the Ministry in consultation with Ministry of Finance.

(For comments of the Committee please *see* Para No. 30 of Chapter-I)

Recommendation (Para No. 33)

The Committee came to know that the sanctioned Pilot to Cockpit ratio in Indian Air Force is 1.25 for fighters, 1.5 for transport planes and just 1 for helicopters. The Committee were astonished to find that the existing ratio is just 0.81 for fighter planes. In the opinion of the Committee, this could also be one of the reasons for high accident rates of our planes. In USA, this ratio is 2:1 and even in Pakistan this is 2.5:1. The Committee take serious view of the fact that our squadron strength is already short of what has been authorised by the Government and moreover, insufficiency in number of available pilots in Air Force further deteriorates our operational capabilities. This attains even greater seriousness as during war time attrition rate is also higher. Our sanctioned strength for Pilots is less than that of our adversaries and furthermore the existing strength is even much short of the sanctioned strength. The Committee earnestly want that the situation needs overhaul and Ministry of Defence should not close their eyes to the miserable condition of Service. The Pilot to cockpit ratio in Indian Air Force for all types of planes/ helicopters merits urgent attention and therefore, the Committee want all initiatives be taken in this regard and the same be brought to their knowledge.

Reply of the Government

As on 01.07.2015, there is no shortage in the Officers Cadre, however as brought out at para 33 of the report of the Standing Committee, the existing Pilot to Cockpit ratio in the fighter fleet is 0.81 which is way below the stipulated ratio of 1.25 pilots per seat. The causative factor for this variation emanates from the actual induction of weapon systems and the equipment in the last decade that did not have corresponding sanction of additional manpower. For example, the induction of SU-30 aircraft was a replacement for the MiG-21 fleet and the associated manpower for SU-30 fleet was to be provisioned from the establishment of erstwhile MiG-21 squadrons. SU-30 being a twin seater aircraft requires more pilots than the MiG-21 and hence their induction, without an increment of the establishment of pilots, adversely affected the Pilot to Cockpit ratio. Cabinet Committee on Security (CCS) has accorded in-principle approval

inter-alia for 166 additional pilots for the SU-30 aircraft on 06.05.2015. The detailed proposal is being examined in consultation with Ministry of Finance. The induction of pilots for these additional authorized posts would be completed by December, 2017. Consequently, the pilot to Cockpit ratio is expected to reach the stipulated ratio of 1.25 sanctioned in 1991.

(For comments of the Committee please see Para No. 35
of Chapter-I)

CHAPTER III

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

Recommendation (Para No. 5)

The Committee observe that the Naval Budget as a percentage share of total Defence Budget has declined from 18.14% in the year 2006-07 to 16.51% in the year 2015-16. The Committee opine that Navy has huge requirement for capital induction as it is short of vessels, aircraft and helicopters. In addition to this, manpower shortage and presently prevalent inadequacies in training can also not be ignored. Therefore, reduction in share of Naval Budget is not desirable, especially in view of the fact that India's larger chunk of trade takes place through sea routes. Besides this, the new challenges of Navy are enormous, as the hostilities in sea by neighbouring countries have increased over the years. Hence, in order to equip our Navy with high level of tactical proficiency would indeed require ample budgetary support. While taking into account the tremendous training requirements and modernization drive of Navy as envisaged in accordance with Maritime Capability Perspective Plan(MCPP) 2012-27, the plummeting budgetary trend appears to be dichotomous, in view of the Committee. Therefore, in order to achieve the targeted outcome, Ministry of Defence must ensure essential share of budget to Navy and additional grants must be provided to them at RE stage or else, the "targets" should be revised and printed.

Reply of the Government

Additional requirement of funds, as required by the Services, will be projected at Supplementary/RE stage.

Recommendation (Para No. 14)

The Committee was given to understand that there are 15 different agencies functioning in maritime domain. Some of these include Ministry of Shipping, Ministry of Environment and Forests, Coast Guard Organization, State Governments, which govern variety of activities that take place in sea waters such as fishing, merchant shipping, offshore

explorations etc. therefore, proper coordination is not only desirable but indispensable for full proof coastal security. During deliberations, the Committee came to know that though Navy is the nodal agency responsible for coastal security, not all the agencies working in maritime domain are directly responsible to report to Navy for their activities. The only coordination among them is through National Committee for Strengthening Maritime and Coastal Security (NCSMCS), which came into picture subsequent to the Mumbai terrorist attacks of 26/11/08. In any case the Committee believes that the delinquencies and lacunae in coordination mechanism have to be sorted out for high level proficiency in coastal security. The Committee would like to be ensured that an invincible coastal defence network is there in place and the measures taken in this area should be intimated to the Committee.

Reply of the Government

The IN has been designated as the agency responsible for overall maritime security, including coastal and offshore security. Initiatives to strengthen coastal security are being undertaken by a number of agencies of Central and State Governments. Regular monitoring/review of the measures is undertaken at Ministry of Defence and National Committee on Strengthening Maritime and Coastal Security (NCSMCS). A Coastal Security Bill is also being steered by Ministry of Home Affairs.

2. The measures undertaken by Coast Guard Headquarters (CGHQ) for Coastal Security includes the Hub and Spoke concept and the Coastal Surveillance Network. The Coast Guard is following 'Hub and Spoke' concept towards coordination of coastal security mechanism wherein ICG acts as Hub and coordinates with other agencies like Coastal Police, Customs, CISF, Fisheries and Port authorities. Towards Coastal Surveillance Network, the chain of static sensors are conceived and configured to ensure automatic monitoring of all vessels transiting/operating along the coast are monitored electronically and optically up to 25 n miles and 15 n miles respectively. Besides this, the joint efforts of the various stakeholder viz. IN, ICG, Coastal Police and various state authorities have positively contributed towards strengthening the Coastal Security apparatus. ICG also undertakes the Training and Community Interactions Programme for strengthening the Coastal Security.

Recommendation (Para No. 18)

The Committee were given to understand that the expenditure incurred in Humanitarian Assistance and Disaster Relief (HADR) activities undertaken by Air Force (Jammu and Kashmir floods and Uttarakhand) and in general elections 2014 added further pressure on the already

stretched resources of Air Force. In this regard, the Committee recommend that a procedure needs to be evolved to reimburse the revenue expenditure incurred on HADR missions and other aid to civil authorities, to IAF's Budget so that operational preparedness and modernization activities of the Service are not compromised. The measures initiated thereon be intimated to the Committee at the earliest.

Reply of the Government

Indian Air Force has been actively involved in all the Humanitarian Assistance and Disaster Relief (HADR) operations. The bills for recovery of the expenditure on these HADR operations is raised by Directorate of Accounts, Air HQ against the Government/State Government based on the recovery rates notified by Ministry of Defence. The expenditure incurred during these operations is debited in the relevant Financial Year estimates and credited to the consolidated fund of India during the year when these recoveries are made. Further, Services are required to estimate likely receipts and recoveries each year. These figures are revised during the Revised Estimate (RE). The gross expenditure ceilings of the Services are calculated after including the estimated receipts to the net ceiling approved by the Ministry of Finance. As such, these receipts are available for spending. However, they are usually received in later years after a deficiency has been created on account of expenditure on disaster relief activities.

CHAPTER IV

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

Recommendation (Para No. 3)

The Capital Budget projected for the financial year 2015-16 is Rs. 27,059.12 crore and the allocation made at BE is Rs. 24,080.90 crore. Out of this, the amount required for the New Schemes is Rs. 4,091.00 while the allocated amount is Rs. 1,112.78 crore, thus the amount provided is merely 25% of the amount actually sought. While keeping in mind the Naval modernization and upgradation plans, the Committee are dismayed at provision of meagre allocation against new schemes. This indicates lack of coordination between the Naval Headquarters and Ministry of Defence. Therefore, it is recommended that additional funds are provided under this head.

Reply of the Government

The Ministry is constrained by the allocations made by the Ministry of Finance which are lower than the requirements projected by this Ministry.

It may be noted that projection of requirement for 'New Schemes' includes several cases at varying stages of approval which are unlikely to reach finality in the current financial year. Nevertheless, all efforts will be made to ensure that no 'New Scheme' approved is delayed for want of funds. Additional funds will be sought, if required.

(For comments of the Committee please *see* Para No. 10
of Chapter-I)

Recommendation (Para No. 6)

The Committee was informed that Emergency Cabinet Committee report of 1964 had approved a force level of 138 ships and submarines for Indian Navy. However, since then, maritime security environment of

the country has undergone considerable changes and present day maritime challenges include coastal security in light of terrorism emanating through sea route, increased threats of piracy and amplified hostilities in Indian Ocean Region by our neighbouring nations. The Committee was updated that keeping new challenges in mind, a requirement of 212 vessels and 458 aircraft have been contemplated for Indian Navy in MCPP 2012-27, *i.e.*, by the end of the 14th Plan period. While examining the subject, the Committee found that presently, Navy has 140 vessels and 236 aircraft in their inventory. These sums up to a gap of 72 vessels and 222 aircraft/helicopters, which are envisaged for induction till 2027 or in next 12 years. Furthermore, the Committee came to know that most of the existing naval vessels are ageing and would necessitate de-commissioning in next 10-12 years, *i.e.*, by the end of 14th Plan Period (2027). The Committee is concerned to further find that current six Mine Counter Measure Vessels (MCMVs) are over 25 years old. Here, the Committee, is further concerned to find that during last 15 years of timeline, the induction plan for vessels had progressed at a snail's pace. Moreover, Navy imperatively require acquisition of Indian Aircraft Carrier (IAC) which is being built in Cochin Shipyard, as Viraat is set to decommission, thus leaving Navy completely dependent on the recently acquired Vikramaditya. Therefore, the Committee is of the view that the service of INS Viraat may be extended till IAC is commissioned into the Navy. However, it would be more desirable to have an additional Aircraft Carrier even if not fully fit rather than just one Aircraft Carrier. Further, impetus ought to be given at highest degree to replace ageing platforms, induction of IAC, P-17A Ships and induction of MCMVs. The Committee be informed about the same.

Reply of the Government

Creation of Naval assets is a time and cost intensive process. Hence, it is executed on the basis of the Long Term Perspective Plan formulated by the Navy. The current Maritime Capability Perspective Plan (2012-27), which is subsumed in the LTIPP (2012-27), is based on a capability dominant and threat-cum-mission based approach. The induction schedule promulgated in the MCPP caters for the planned de-commissioning of existing ships along with the scheduled induction of new platforms. Therefore, the Force level of 212 ships and 458 aircraft by 2027 is all encompassing, which includes scheduled induction and planned decommissioning. As part of the planned force accretion, 48 ships and submarines are being constructed in Indian shipyards. Cases for induction of additional assets (ships/ submarines and aircraft), envisaged in MCPP (2012-27) are being progressed as per timelines.

Decommissioning of INS Viraat. INS Viraat was commissioned on 02 May 1987. The ship has been in service for over 27 years in the Indian Navy. However, the ship had also served the Royal Navy for 27 years, thereby having been in commissioned service for a cumulative period of over 54 years. Therefore, further Service Life Extension (SLE) of the ship considering difficulties in maintenance, obsolescence of equipment, spares availability and material state of the ship is not considered financially prudent and a safe option. It is, therefore, intended to decommission the ship in mid 2016 after participation in International Fleet Review (IFR-16). Further, INS Vikramaditya along with integral air component of MiG-29K fighter aircraft is a potent platform, and has enhanced the operational capability and reach of the IN.

Induction Schedule. All efforts are being put in at the Apex Level to ensure timely induction of these ships in the IN.

(For comments of the Committee please *see* Para No. 16 of Chapter-I)

Recommendation (Para No. 7)

Further research of the Committee revealed that the deficiency is not only limited to vessels. Even in case of integral helicopters which are critical for surveillance and stand-off targeting at sea, there is a deficiency of 61 integral helicopters on existing ships. To tackle the situation, it was informed that Mid Life Upgrade of Kamov-28 helicopters and case of Multi Role Helicopter are being progressed. The Committee feel that case of induction of helicopters and planes should be progressed without delay under intimation to the Committee.

Reply of the Government

The observations of the Hon'ble Committee with respect to the two specific ongoing procurement cases are noted.

(For comments of the Committee please *see* Para No. 16C of Chapter-I)

Recommendation (Para No. 31)

After going through the papers submitted by the Ministry, the Committee noted that from May 2007 to January 2015, a total of 83 accidents have taken place in the Air Force. The Committee were baffled to find that these accidents have been consistent over the last decade. The Committee are further perturbed to find that even after formation

of so many enquiry committees and their reports, the rate of accidents have not come down which was 6 in 2013 and 7 in 2014. In most of the cases of accidents, the cause was either human error or technical defect. From the above information, it is evident that there is either lacuna in training that is being imparted to our pilots and support officials or the systems installed are technically ill-equipped. In both the cases, the onus lies on the senior level management. It is highly regrettable that consistently large number of accidents have taken place during past decade and as such, Ministry of Defence should have taken cognizance of the matter and made efforts to check the accidents. At this point, the Committee would like to be informed about the action taken by Ministry of Defence against the guilty officials and suppliers of faulty system during the past ten years. Also, it is extremely important that necessary action be taken to rectify the position so as to ward off accidents and concrete steps be taken in this regard under intimation to the Committee.

Reply of the Government

IAF conducts Court of Inquiry for all aircraft accidents and take necessary Disciplinary/Administrative action against the personnel held responsible for the accident. It may be noted that for the accidents that occurred during the last 10 financial years (from FY 2005-2006 to till date) IAF has taken Disciplinary action against 14 personnel and Administrative action at various levels against 87 personnel. The Indian Air Force has taken various measures as enumerated below to reduce aircraft accidents:

- (a) Inauguration of Aerospace Safety Organization by constitution of an Aircraft Accident and Investigation Board (AAIB) at Air HQ to carry out investigation of all major accidents.
- (b) Analytical Studies and Quality Audits of the aircraft fleets are being carried out to identify vulnerable areas and to institute remedial measures.
- (c) Ornithology Cell has been established at Air HQ, which carries out bird surveys at flying bases and suggests bird prevention modules.
- (d) Regular visits of all flying bases by senior Aerospace Safety functionaries of IAF are being undertaken to apprise and caution the operating units about the causes of the accidents and to obtain views towards enhancing Aerospace Safety. Measures like Operational Risk Management (ORM),

Crew Resource Management (CRM) and Air Force System of Error Management (AFSEM) have been implemented to generate a safe flying culture.

- (e) Accident prevention programmes such as Accident Probability Factors (APF) have been given an added thrust to identify risk prone/hazardous areas specific to the aircraft fleet and operational environment to ensure safe practices/procedures.
- (f) The use of simulator is an important tool towards accident prevention. IAF resorts to use of simulators for training of pilots on various inducted aircraft fleet. In a simulator a previous situation can be revisited for better appreciation and actions practised to perfection with no danger to aircrew/machinery loss. Varying flight conditions and critical emergencies can be regularly practised. Since there is no danger to life/loss of machine, assimilation is enhanced. IAF has inducted various types of simulators in the recent past and is in the process of acquiring more simulators.

(For comments of the Committee please see Para No. 32 of Chapter-I)

CHAPTER V

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

-Nil-

NEW DELHI;
08 January, 2016
18 Pausa, 1937 (Saka)

MAJ GEN B C KHANDURI, AVSM (RETD),
Chairperson,
Standing Committee on Defence.

APPENDIX I

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2015-16)

The Committee sat on Friday, the 08th January, 2016 from 1430 hrs. to 1700 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Maj Gen B C Khanduri AVSM (Retd)—*Chairperson*

MEMBERS

Lok Sabha

2. Shri Dharambir
3. Shri Thupstan Chhewang
4. Col. Sonaram Choudhary (Retd.)
5. Shri Sher Singh Ghubaya
6. Shri G. Hari
7. Shri Ramesh Jigajinagi
8. Shri Tapas Paul
9. Shri A.P. Jithender Reddy
10. Smt. Pratyusha Rajeshwari Singh

Rajya Sabha

11. Shri Anand Sharma
12. Shri Harivansh
13. Shri Vinay Katiyar

14. Shri Madhusudan Mistry
15. Smt. Ambika Soni
16. Shri Tarun Vijay

SECRETARIAT

1. Smt. Kalpana Sharma — *Joint Secretary*
2. Smt. J.M. Sinha — *Additional Director*
3. Shri Rahul Singh — *Under Secretary*

WITNESSES

Representatives of the Ministry of Defence

1. Shri Ashok Kumar Gupta — Secretary (DP)
2. Smt Surina Rajan — AS (DP)
3. Lt Gen MMS Rai — VCOAS
4. Air Marshal B S Dhanoa — VCAS
5. Lt Gen Ravi Thodge — MGO
6. Lt Gen A K Ahuja — DCIDS (PP&FD)
7. Dr S Christopher — Secretary (R&D)
8. Smt Bharat Khera — JS (NS)
9. Smt Kusum Singh — JS (P&C)
10. Shri K K Pant — JS (Aero)
11. Shri Sanjay Prasad — JS (LS)
12. Shri V Udaya Bhaskar — CMD, BDL
13. Dr T Suvarna Raju — CMD, HAL
14. Shri S K Sharma — CMD, BEL
15. RAdm LV Sarat Babu (Retd) — CMD, HSL
16. Shri P Dwarakanath — CMD, BEML
17. RAdm Shekhar Mital (Retd) — CMD, GSL
18. RAdm A K Verma (Retd) — CMD, GRSE
19. Dr. D K Likhi — CMD, MIDHANI
20. RAdm R K Shrawat (Retd) — CMD, MDL

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|-----|------------------------|--------------------------------------|
| 21. | AVM BR Krishna | — ACAS (Proj.) |
| 22. | RAdm Dinesh K Tripathi | — ACNS (P&P) |
| 23. | Dr. Sudershan Kumar | — Chief Controller
(PC and SI) |
| 24. | Shri G.S. Mallik | — Chief Controller
(R&M and Imp.) |
| 25. | Dr. G. Athithan | — Chief Controller (SAM) |
| 26. | Dr. C.P. Ramanarayanan | — Director General (ACE) |
| 27. | Dr. J.P. Singh | — Director, Parliamentary
Affairs |

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the sitting.

3. The Committee then took up for consideration the following draft reports:—

- (i) Action Taken by the Government on the Observations/ Recommendations contained in the Second Report of the Standing Committee on Defence (16th Lok Sabha) on 'Demands for Grants (2014-15) of the Ministry of Defence on General Defence Budget (Demand Nos. 20, 21 and 27)';
- (ii) Action Taken by the Government on the Observations/ Recommendations contained in the Sixth Report of the Standing Committee on Defence (16th Lok Sabha) on 'Demands for Grants (2015-16) of the Ministry of Defence on Civil Expenditure of the Ministry of Defence and Capital Outlay on Defence Services (Demand Nos. 21, 22 and 28)';
- (iii) Action Taken by the Government on the Observations/ Recommendations contained in the Eighth Report of the Standing Committee on Defence (16th Lok Sabha) on 'Demands for Grants (2015-16) of the Ministry of Defence on Navy and Air Force (Demand Nos. 24 and 25)'; and
- (iv) Action Taken by the Government on the Observations/ Recommendations contained in the Ninth Report of the Standing Committee on Defence (16th Lok Sabha) on 'Demands for Grants (2015-16) of the Ministry of Defence on Ordnance Factories and Defence Research and Development Organisation (Demand Nos. 26 and 27)'.

4. After deliberations, the Committee adopted the above Reports without any modifications. The Committee, then, authorised the Chairperson to present the same to Hon'ble Speaker under Direction 71(A) of Directions by the Speaker and subsequently present the same during the coming Budget Session.

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

The Committee then adjourned.

APPENDIX II

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE EIGHTH REPORT OF THE COMMITTEE (SIXTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2015-16) OF THE MINISTRY ON NAVY AND AIR FORCE (DEMAND NOS. 24 AND 25)

1. Total number of recommendations 33
2. Recommendations/Observations which have been accepted by the Government (please *see* Chapter II):
Para Nos. 2, 9, 10, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 32
Total : 17
Percentage : 52%
3. Recommendations/Observations which have been accepted by the Government and Commented upon (please *see* Chapter II):
Para Nos. 1, 4, 8, 11, 12, 13, 19, 30 and 33
Total : 09
Percentage : 27%
4. Recommendations/Observations which the Committee do not desire to pursue in view of the replies received from the Government (please *see* Chapter III):
Para Nos. 5, 14 and 18
Total : 03
Percentage : 9%
5. Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee which require reiteration and commented upon (please *see* Chapter IV):
Para Nos. 3, 6, 7 and 31
Total : 04
Percentage : 12%
6. Recommendations/Observations in respect of which Government have furnished interim replies (please *see* Chapter V):
-Nil-
Total : Nil
Percentage : 0%

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