

EIGHTY-SIXTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1986-87)

(EIGHTH LOK SABHA)

**DEVELOPMENT OF A WEAPON SYSTEM AND
WRONGFUL APPROPRIATION OF PUBLIC
REVENUES TO NON-PUBLIC FUNDS**

MINISTRY OF DEFENCE

**[Action taken on the 207th Report of the Public Accounts Committee
(Seventh Lok Sabha)]**



Presented in Lok Sabha on 29.4.87
Laid in Rajya Sabha on 29.4.1987

LOK SABHA SECRETARIAT
NEW DELHI

April, 1987 (Chaitra, 1909 (Saka))

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PUBLIC ACCOUNTS COMMITTEE (8TH LOI. SABHA)

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(1986-87)

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INTRODUCTION

1, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Eighty-Sixth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 207th Report (Seventh Lok Sabha) relating to development of a weapon system and wrongful appropriation of public revenues to non-public funds.

2. With regard to the payment of rental compensation to the tune of Rs. 14.37 lakhs to the ex-land owners in respect of the land requisitioned by the Ministry of Defence, when the land was under encroachment by the same land owners, the Committee have observed that it is a matter of concern that the authorities concerned paid a scant regard to the public financial interests. The Committee have also regretted that though their earlier Report was presented to Lok Sabha on 24.4.1984, the Government have not so far obtained the specific opinion of the Ministry of Law for their future guidance in such cases. The Committee have emphasised that opinion of the Ministry of Law should be obtained in the matter without any further delay and necessary steps should be taken in the light of the legal opinion, to ensure that the Government are not placed in similar situations in future.

3. The Committee have also recommended that the system of record keeping and documentation in the Ministry of Defence should be thoroughly over-hauled and redesigned or strengthened to ensure proper custody and pinpointing of responsibility for safeguarding the files and documents.

4. The Public Accounts Committee (1985-86) initially considered the Report at their sitting held on 24th June, 1985 (forenoon) and *inter alia* decided to seek certain elucidations from the Department of Defence Research and Development. At their sitting held on 16.9.1985, this Committee obtained the necessary elucidations from the Secretary, Department of Defence Research and Development. The Report was adopted by the Committee at their sitting held on 18th September, 1985. The Report was finalised on 15.4.1987.

5. For facility of reference and convenience, the recommendations and conclusions of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix II to the Report.

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

NEW DELHI ;
April 20, 1987
Chaitra 30, 1909 (S)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on Committee's recommendations and observations contained in their 207th Report on paragraphs 5 and 44 of the Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Defence Services) on (i) Development of a weapon system (ii) Wrongful appropriation of public revenues to non-public funds, respectively.

1.2 The 207th Report which was presented to Lok Sabha on 24 April, 1984 contained 19 recommendations. Action Taken Notes have been received in respect of all the recommendations/observations and these have been broadly categorised as follows :

- (i) *Recommendations and observations which have been accepted by Government.*
Sl. Nos. 1, 2, 3, 5, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18 and 19
- (ii) *Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government.*
Sl. Nos. 4 and 6
- (iii) *Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration*
Sl.No. 14
- (iv) *Recommendations and observations in respect of which Government have furnished interim replies.*

Nil

1.3 The Committee will now deal with the action taken by Government on some of their recommendations.

Switchover to development of Weapon System B

(S. Nos. 3 and 5, Paras 1.58 and 1.60)

1.4 Expressing their surprise over the decision of the Steering Committee in 1973 to continue the project on the development of Weapon System 'A' in spite of the categorical assertion of the representative of the Air Force about the limited scope of utility of this system, the Committee had in paragraph 1.58 of their 207th Report observed as follows ;

“A Steering Committee with Secretary, Department of Defence Production as Chairman, was formed in July 1973, to monitor the progress on the project. The Committee note that soon after the commencement of the indigenisation project, the Air Force chose weapon system ‘B’ which had a range of operation that effectively met the changed operational needs of the times and for which weapon system ‘A’ was not considered suitable. The decision to induct system ‘B’ was taken in 1973, and a contract for its import was signed with a foreign country in November, 1973. The induction of system ‘B’ into our Air Force commenced in 1974. In the light of these developments, the representative of the Air Force stated at the meeting of the Steering Committee held in October, 1973 that the Air Force did not have any significant requirement for additional quantities of either Weapon System ‘A’ or its ground complex after 1980 and hence it might be necessary to re-direct research and development efforts, towards indigenisation of Weapon System ‘B’. The Committee are surprised to note that in spite of the aforesaid categorical assertion of the representative of the Air Force about the limited scope of utility of Weapon System ‘A’, the Steering Committee decided to continue the project on the old system. By then an expenditure of Rs. 1.97 crores had been incurred on this project.”

1.5 In their action taken note dated 23rd October, 1984, the Ministry of Defence (Department of Defence Research and Development) have stated as follows :

“The most important objective of this project was to build up competence and infrastructure, and from that consideration the development of weapon system ‘A’ was a better choice than the development of weapon system ‘B’ and was, therefore, continued to its meaningful conclusion.”

1.6 Further emphasizing the need for switchover from the development of Weapon System ‘A’ to Weapon System ‘B’, the Committee had in Paragraph 1.60 of their 207th Report observed as follows :

“It has been averred by the Department of Defence Research and Development that there is a great deal of commonality between System ‘A’ and System ‘B’ and as such the competence/infrastructure built during project for Weapon System ‘A’ has brought us to the position where it is possible to develop an indigenous Weapon System ‘B’. The Committee feel the development of Weapon Systems similar to type ‘B’ should have been taken up earlier. Unfortunately, this was not done and there is now a proposal to import six squadrons of weapon system ‘B’ during 1985-90. The Committee are inclined to feel that had the switchover from the development of Weapon System ‘A’ to Weapon System ‘B’ been made in 1973 itself when initially suggested by the Air Force, the need for six squadrons

of Weapon System similar to type 'B' might have been met by the country's own production, resulting in saving of valuable foreign exchange."

1.7 The Action Taken Note dated 23rd October, 1984 furnished by the Ministry of Defence (Department of Defence Research and Development) reads as follows :

"A considered view was taken by the Steering Committee, after taking all factors into account, that the best course of action was to continue development of system 'A' to its logical conclusion, so that future requirements of systems could be met by indigenous development and production. The requirement of the interim period had, therefore, to be met by import of additional quantities of system 'B'. Although this has meant incurring of certain amount of expenditure in foreign exchange, in the long run much more savings in foreign exchange will accrue."

1.8 At their sitting held on 24th June, 1985, the Public Accounts Committee considered the Draft Report on action taken by Government on the recommendations contained in 207th Report of the Public Accounts Committee (7th Lok Sabha). The Committee decided that the Secretary, Department of Defence Research and Development should be asked to elucidate in evidence as to how far the competence and infrastructure built by development of weapon system 'A' has been utilised for development of weapon system 'B'. At their sitting held on 16 September, 1985, the Committee obtained the necessary elucidations from the Secretary, Department of Defence Research and Development and Deputy Chief of the Air Staff.

1.9 The Committee desired to know whether the Department of Defence Research and Development were still of the view that development of System 'A' was better for indigenous development and production of futuristic systems. The Secretary of the Department informed the Committee that when this project was submitted for approval of CCPA in October 1971, his predecessor had mentioned as follows regarding system 'A' :

"Although the foreign exchange savings and the enhancement of our defence preparedness flowing from indigenisation would by themselves be substantial, the main justification for the indigenisation lies in the necessity to develop technical know-how for development and production of futuristic weapon systems. The indigenisation of the system is thus an unavoidable step in the direction of self-sufficiency in this weapon system....."

1.10 He further add :

".....I think we have reached a capability which we could not have reached if we had not taken up a programme like the Progra-

mmme A and also continuously given it sustenance and support, which we are getting from the country to set up this facility.”

1.11 The Secretary, Department of Defence Research and Development further elaborated as follows :

“When we submitted before the Public Accounts Committee almost a year back, I mentioned that even though the Air Force changed the requirements from A to B on the basis of tactics, we have to look into the additional perception, that is, the technology perception. The technology should be such that it must have all the greater possibilities not only to meet the immediate requirements, but also to see what are the things to be done. It has already started showing the dividends.”

1.12. The Committee desired to know the views of the Air Force with regard to the capacity of System ‘A’. The Deputy Chief of Air Staff stated as follows :

“.....It has a longer reach; it has a greater height. It is an old system which was inducted into the Indian Air Force in 1964. At that time the threat was from high altitudes. Even today where threat is primarily from high altitudes, they are still using this system ‘A’.”

1.13 The Committee enquired as to how the representative of the Air Force had stated at the meeting of the Steering Committee held in October, 1973 that the Air Force did not have any significant requirement for additional quantities of either weapon system ‘A’ or its ground complex after 1980 and hence it might be necessary to redirect research and development efforts towards indigenisation of weapon system ‘B’. The Deputy Chief of the Air Staff stated as follows :

“In the Seventies it was clear that flying over hostile territory at high altitudes was not survivable and every one went in for ‘lower altitude’. So we discovered that we would need a weapon system that could be effective at low altitudes also. It was then that system ‘B’ was selected because it has low altitude capability.....When we went in for system ‘B’, our requirement was fairly large. So, we had to use what we had to the extent possible. System ‘A’ is still in use.”

1.14 Asked if system A had still to be in use, the Deputy Chief of the Air Staff stated :

“That is something that can look after the upper atmosphere. So, it has to be there. We will have the capability for high altitudes.”

1.15 The Committee desired to know that how much of system 'B' out of the six squadrons which were to be imported during 1985-90, have been purchased, the Deputy Chief of the Air staff stated that they have got a substantial number of system 'B' and that no fresh purchases of system 'A' had been made since then.

1.16 The Deputy Chief of the Air Staff further elaborated as follows :

"It must be made clear that the projects that was taken up was to indigenise only the system 'A'. There was mis-match in the life of the equipment and the life of the system. Where as the system was dying, the equipment was alive. To keep the whole system going we wanted more... ..System B has no mis-match. If any one tells me as a layman to take up this project, I will say, 'For heaven's sake it is a total system, whereas the project envisaged was just for..... There was a great difference between project A and taking up the manufacture of system B."

1.17 In their earlier Report the Committee had expressed surprise that in spite of the categorical assertion by the representative of the Air Force at the meeting of Steering Committee held in October, 1973 that the Air Force did not have any significant requirement for additional quantities of either Weapon System 'A' or its ground complex after 1980 and hence it might be necessary to redirect research and development efforts towards indigenisation of Weapon System 'B', the Steering Committee decided to continue the project on the old system. By then only an expenditure of Rs. 1.97 crores had been incurred on this project as against the total expenditure of Rs. 15.41 crores incurred thereon upto June, 1981. The Committee had also observed that had the switchover from the development of Weapon System 'A' to Weapon System 'B' been made in August 1973 itself when initially suggested by the Air Force, the need for six squadrons of Weapon System similar to type 'B' might have been met by indigenous production. According to the Department of Defence Research and Development a considered view was taken by the Steering Committee after taking all factors into account, that the best course of action was to continue development of system 'A' to its logical conclusion, so that future requirements of systems could be met by indigenous development and production.

1.18 At their sitting held on 16 September, 1985, the Committee were informed by the Secretary, Department of Defence Research and Development that the main objective for the developmental project on system 'A' was to develop technical know-how for development and production of futuristic systems. It was also explained "that even though the Air Force changed the requirements from System A to System B on the basis of tactics, we have to look into the additional perception, that is, the technology perception. The technology should be such that it must have all the greater possibilities not only to meet the immediate requirements, but also to see what are the things to be done. It has already started

showing the dividends." The Secretary also apprised the Committee that they had attained capability in this field which could not have been possible if they had not continued with the development of system 'A'. It was also stated that both system 'A' and 'B' were still in use and in fact their role was supplemental to each other.

The Committee had reached their earlier conclusions in the matter on the basis of the facts then placed before them. However, the claim made by the Department of Defence Research and Development that the main objective for the developmental project on system 'A' was to develop technical know-how for development and production of futuristic systems cannot at present be substantiated by any concrete evidence or achievement. The veracity or otherwise of the claim made by the Department will depend on future actual achievements in the field.

Payment of annual recurring compensation without consulting the Ministry of Law

1.19 Dealing with a case of payment of rental compensation to the tune of Rs. 14.37 lakhs to the ex-land owners in respect of the land requisitioned by the Ministry of Defence in Ferozepur and Ludhiana Districts of Punjab for defence purposes in spite of the fact that the land was under encroachment by the same land owners, the Committee had in Paragraph 2.68 of their 207th Report observed as follows :

"The Committee further note that annual recurring compensation was paid to the land owners for the entire period of requisition. Strangely enough, the payment of rental compensation could not be withheld inspite of the fact that land was under encroachment by the same land owners, as advised by the Ministry of Law. The Committee, however, note that opinion of the Ministry of Law about withholding the payment of rental compensation was not obtained specifically in this case. It is, however, shocking that the relevant file containing the advice of the Ministry of Law is not traceable in the Ministry. The Committee desire that the matter relating to the missing file should be investigated with a view to fixing responsibility. The Ministry of Defence have stated that fresh opinion of the Ministry of Law on this point is being obtained. The Committee strongly feel that opinion of the Ministry of Law in this specific case should have been obtained in the beginning itself. The Committee desire that the opinion of the Law Ministry in the matter should be obtained at an early date and necessary steps taken in the light of the legal opinion to ensure that the Government are not placed in similar predicaments in future."

1.20 In their action taken note dated 28th November, 1984, the Ministry of Defence have stated as follows :

"The old file reported to have been misplaced has since been traced out. A copy of the views expressed by the Law Ministry in 1966 is placed at

Appendix-J. However, as advised by P.A.C. fresh opinion of the Ministry of Law is being obtained in this case. A copy of the advice of Law Ministry will be sent to Lok Sabha Sectt. as soon as the same is received from the Ministry of Law."

1.21 In their earlier Report, the Committee had taken note of the fact that annual recurring compensation was paid to the land owners for the entire period of requisition of the land which was initially requisitioned under the Defence of India Act, 1962 as it was required urgently for locating a firing range thereon. Strangely enough, the payment of rental compensation could not be withheld in spite of the fact that the land was under encroachment by the same land owners. The Government failed to specifically obtain the advice of the Ministry of Law in the matter of withholding payment of annual recurring compensation to the land owners particularly when the land was under their illegal encroachment but relied on the legal opinion earlier given by the Ministry of Law in another case. As the aforesaid relevant file was not traceable in the Ministry of Defence when the matter was under original examination by the Committee, the Committee had while expressing shock in the matter, recommended that the matter relating to the missing file should be investigated with a view to fixing responsibility. In their action taken note the Ministry of Defence have stated that the aforesaid missing file has since been traced out. It is a matter of serious concern that the Government failed to make serious efforts to locate the important file so urgently required by the Committee for formulating their opinion on a matter under their examination. As the Committee are not satisfied with the reply of the Ministry, they reiterate their earlier recommendation that the matter relating to the missing file should be investigated with a view to fixing responsibility.

The Committee would also recommend that the system of record keeping and documentation in the Ministry of Defence should be thoroughly overhauled and redesigned or strengthened to ensure proper custody and pin-pointing of responsibility for safeguarding the files and documents.

1.22 On going through the legal advice given by the Ministry of Law in 1966 and also keeping in view the facts in the present case, the Committee are of the definite view that the Ministry of Defence should have obtained specific opinion of the Ministry of Law in this case with regard to the payment of rental compensation to the original land owners. It is a matter of concern that the authorities concerned paid a scant regard to the public financial interests amounting to as much as Rs. 14.37 lakhs. It is all the more regrettable that though their 207th Report was presented to Lok Sabha on 24.4.1984 the Government have not so far obtained the specific opinion of the Ministry of Law for their future guidance in such cases. The Committee recommend that opinion of the Ministry of Law should be obtained in the matter without any further delay and necessary steps should be taken in the light of the legal opinion to ensure that the Government are not placed in similar situations in future.

Disposal of the amount realized from the Farm Managers during the years 1973 to 1981

(Sl. No. 18—Para 2.72)

1.23 In Paragraph 2.72 of their 207th Report, the Committee had recommended as follows :

“The Committee observe that whereas the authorities failed to make any realisation for the irregular cultivation of the land done by the ev—land owners from 1963 to March, 1972 as encroachers, the total realisation from the farm managers during the subsequent years 1973 to 1981 amounted to Rs. 24.76 lakhs out of which only a sum of Rs. 6.14 lakhs was credited to Government revenues. The remaining $\frac{3}{4}$ amount was retained for the regimental welfare. The Committee are not sure whether this was regular.”

1.24 In the action taken note dated 28 November, 1984 the Ministry of Defence have stated as follows :

“In view of the special circumstances of the case, action is being taken to regularise the system under the orders of the competent authority”.

1.25 Out of the amount of Rs. 24.76 lakhs realised from the Farm Managers during the years 1973 to 1981, only a sum of Rs. 6.14 lakhs was credited to Government revenues and the remaining amount was retained for the regimental welfare. The Committee would like to know the specific rules and authority under which the sum of Rs. 18.62 lakhs was retained for the regimental welfare.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

Weapon system 'A' imported from a foreign country was in use in the Indian Air Force since 1965. With a view to reducing dependence on imports and to build up necessary research and development as well as production base for the weapon system, a proposal was made by the Defence Research and Development Orgn. in October, 1971 for its indigenous development. This was sanctioned by the Ministry of Defence in February, 1972 at a cost of Rs. 6 crores. The development was expected to take about 7 to 8 years and the establishment of full production 2 years thereafter. The indigenisation project was assigned to 6 Defence research establishment/laboratories and the Defence Research and Development Laboratory, was made responsible for systems integration and carrying out proving trials. Initially, the requirement of this weapon system was 462 numbers for replacement and 432 number for anticipated expansion. However, the indigenisation project for weapon system 'A' on which an expenditure of Rs. 15.41 crores had been incurred up to June 1981, was not utilised for establishment of production facilities and all activities, on the project were closed in March, 1982.

[Sl. No. 1 (Para 1.56) of Appendix to 207th Report of the PAC (7th Lok Sabha)]

Action Taken

The original provision of 16 crores was made only for the development of weapon system 'A' against which an expenditure of Rs. 15.41 crores was actually incurred. The anticipated requirement of this weapon system did not materialise therefore, no funds were sanctioned for establishment of production facilities. Hence these were not set up.

[Ministry of Defence (Deptt. of Defence Research and Development) O. M No. Adm/6310/RD-26 (ii) dated 23-10-1984]

Recommendation

Justifying the expenditure on the project, the representative of the Department of Defence Research and Development stated before the Committee that "one of the objects was to take the country into the threshold of technological capability in this weapon system. I may submit that when we talked about that in 1971-72, there was practically no capability in the country in this and our

objective, to a great extent, has been fulfilled as can be seen by this facility that has been set up at the Defence Research and Development Laboratory.....". while the Committee appreciate that establishment of technological base is a must for any research and development effort, they would like the Ministry of Defence not to lose sight of the fact that the ultimate aim of all defence research and development effort is to attain production capability so that the country becomes self-reliant in vital defence equipment. The country even today, after 10 years of research and development effort, has to import this weapon system as well as an improved system entailing heavy expenditure in foreign exchange.

[Sl. No. 2 (Para 1.57) of Appendix to 207th Report of the PAC (7th Lok Sabha)]

Action Taken

The development of guided weapon calls for acquisition of a number of high technologies and a period of 10 years considered inadequate for this purpose even by the advanced countries. The main objective was to build competence and infrastructure, and this has been achieved, and an Integrated Guided Missile Development Programme which aims at developing and establishing limited series production of four types of guided weapons has now been taken up. One of these weapons is a futuristic, medium range system which is a generation ahead of system A and System B. To tide over the interim period we have to take resort to importing additional quantities of systems B. this is in the best interest of achievement of self sufficiency.

[Ministry of Defence (Deptt. of Defence Research and Development)
O.M. No. Adm./6310/RD-26 (ii) dated 23-10-1984]

Recommendation

A Steering Committee with Secretary, Department of Defence Production as Chairman, was formed in July 1973, to monitor the progress on the project. The Committee note that soon after the commencement of the indigenisation project, the Air Force chose weapon system 'B' which had a range of operation that effectively met the changed operational needs of the times and for which weapon system 'A' was not considered suitable. The decision to induct system 'B' was taken in 1973, and a contract for its import was signed with a foreign country in November, 1973. The induction of system 'B' into our Air Force commenced in 1974. In the light of these developments, the representative of the Air Force stated at the meeting of the Steering Committee held in October, 1973 that the Air Force did not have any significant requirement for additional quantities of either Wapon system 'A' or its ground complex after 1980 and hence it might be necessary to re-direct research and development efforts towards indigenisation of Weapon system 'B'. The Committee are surprised to note that in spite of the aforesaid categorical assertion of the representative of

the Air Force about the limited scope of utility of Weapon System 'A', the Steering Committee decided to continue the project on the old system. By then an expenditure of Rs. 1.97 crores had been incurred on this project.

[Sl. No. 3 (Para 1.58) of Appendix to 207th Report of the PAC
(7th Lok Sabha)]

Action Taken

The most important objective of this project was to build up competence and infrastructure, and from that consideration the development of weapon system 'A' was a better choice than the development of weapon system 'B' and was, therefore, continued to its meaningful conclusion.

[Ministry of Defence (Deptt. of Defence Research and Development) O.M.
No. Adm./6310/RD-26 (ii) dated 23-10-1984]

Recommendation

It has been averred by the Department of Defence Research and Development that there is a great deal of commonality between system 'A' and 'B' and as such the competence/infrastructure built during project for Weapon System 'A' has brought us to the position where it is possible to develop an indigenous Weapon Systems 'B'. The Committee feel the development of Weapon Systems similar to type 'B' should have been taken up earlier. Unfortunately, this was not done and there is now a proposal to import six squadrons of weapon system 'B' during 1985-90. The Committee are inclined to feel that had the switchover from the development of Weapon System 'A' to Weapon System 'B' been made in 1973 itself when initially suggested by the Air Force, the need for six squadrons of Weapons System similar to type 'B' might have been met by the country's own production, resulting in saving valuable foreign exchange.

[Sl. No. 5 (Para 1.60) of Appendix to 207th Report of the PAC
(7th Lok Sabha)]

Action Taken

A considered view was taken by the Steering Committee, after taking all factors into account, that the best course of action was to continue development of system 'A' to its logical conclusion, so that future requirements of systems could be met by indigenous development and production. The requirement of the interim period had, therefore, to be met by import of additional quantities of system 'B'. Although this has meant incurring of certain amount of expenditure in foreign exchange, in the long run much more savings in foreign exchange will accrue.

[Ministry of Defence (Deptt. of Defence Research and Development) O.M.
No. Adm/6310/RD-26 (ii) dated 23-10-1984]

Recommendation

Surprisingly 'despite such a bleak picture given about the future utility of Weapon System 'A' by the Air Headquarters in May 1979, the Steering Committee again decided that its life be extended by 5 to 7 years to keep it operational till 1989. Accordingly the life extension programme was undertaken by the Air Force with the assistance of a foreign country and completed at a cost of about Rs. 25 lakhs. The Committee would like to be informed of the detailed reasons for undertaking this extension programme, when according to the Air Headquarters, there was no utility of this Weapon System.

[Sl. No. 7 (Para 1.62) of Appendix to 207th Report of the PAC
(7th Lok Sabha)]

Action Taken

The main reasons for suggesting an extension of life for the system 'A' was to avail the maximum life that could be extracted out of this system, in view of the fact that the missile system could pose a threat to an enemy within the envelope of its capability. With a missile life of 10 years, as given by the manufactures, the net holding of the missile in 1976-81 would have dropped to an unacceptably low figure. It was, therefore, considered that by extending its life it would be possible to maintain our inventory at an acceptable level, thereby minimising the number of additional missiles required for sustenance of operational units. To extend the life of the missile, a study was initially carried out by DRDO. Later, a team consisting of the supplier country and Air Force experts inspected the missile system in 1980 and recommended an extension of life upto 15 years. Since there was an overall shortage of missile systems needed to provide SAM cover to our VAS and VPs it was decided to continue using missile system 'A' till its life expiry.

An amount of Rs. 25 lakhs was paid for the life extension programme and vital information regarding the operational concepts and procedures for the modification was obtained in the process. It is reiterated that the information and technical expertise gained was much more valuable than the money expended.

[Ministry of Defence (Department of Defence Research and Development)
O.M. No. Adm/6310/RD-26 (ii) dated 23-10-1984]

Recommendation

The Committee are glad to note that on the basis of the experience and technological competence/infrastructure developed on the basis of programme for the development of Weapon System 'A', it is now proposed to develop a futuristic Weapon System 'A' which would be able to meet the requirement of 1990s. However, the Committee would like to point out that in order to be successful the research and development programme has to remain ahead in the

field of technological development so that by the time this system is actually developed, it may not also become obsolete. The Committee feel that it is imperative that the development of Our Weapon Systems should keep pace with the technological advancements in other countries and our R and D efforts have been galvanised in this direction. The Committee hope that the achievements made from this project would be fully and expeditiously utilized for the implementation of the contemplated integrated scheme for the production of Weapon System of latest and futuristic design in this very strategic and sophisticated field.

[Sl. No. 8 (Para 1.63) of Appendix to 207th Report of the PAC
(7th Lok-Sabha)]

Action Taken

This Department agrees with the Committee that the development of our Weapon systems should keep pace with the technology advancement in other countries. It is precisely because of this realisation that we have made full use of the achievements of Weapon System 'A' project and now taken up a major programme for development of weapon systems of futuristic design.

[Ministry of Defence (Department of Defence Research and Development)
O.M. No. Adm./6310/RD-26 (ii) dated 23-10-1984].

Recommendation

In order to provide an open and safe tract for practice firing by the Air Force, the Ministry of Defence accorded sanction in January, 1962 to the acquisition of 3627 acres of land in Ferozepur and Ludhiana Districts of Punjab at an estimated cost of Rs. 24.50 lakhs. According to the Ministry of Defence, since the land was required urgently, it was requisitioned under the Defence of India Act, 1962 and the possession was handed over to the Air Force authorities in April, 1963. The requisitioning under the Defence of India Act was done despite the fact that the State Government had expressed their reluctance to the acquisition of 1974. 8625 acres of land in Ferozepur District on the ground that this land was very fertile and yielded good crops. Due to delay in completing the acquisition proceedings for the land, the Ministry of Defence accorded in February, 1970, the revised sanction to the acquisition of 3,677 acres of land at an estimated cost of Rs. 84 lakhs. The land was finally acquired in March and June 1971 only. It is surprising that the acquisition proceedings for the land took as many as 8 years to be completed. The result has been that the land was finally acquired at a cost of Rs. 1.45 crores in March and June 1971, resulting in extra payment of about Rs. 1.20 crores. In addition to this escalation in cost, the Ministry had to incur another expenditure to the tune of Rs. 14.37 lakhs in the shape of the rental payments made to the ex-land owners till the date of acquisition.

[Sl. No. 9 (Para 2.63) of Appendix to 207th Report of PAC (7th Lok Sabha)]

Action Taken

The matter relating to delays in the acquisition of lands for defence purposes was examined in the Ministry at a high level and instructions in this regard were issued by the DG. DL&C vide their No. 26/280/ACQ/ML&C dated 30.3.1971 to all their formations. These instructions have now been reiterated vide Government of India, Ministry of Defence letter No. 14013/1/34/D (Lands) dated 10.9.84 copy placed at Annexure.

[Ministry of Defence O.M. No. 2(2)/83/D(AC.II) dated 28-11-1984]

ANNEXURE

No. 14018/1/84/D (Lands)
GOVERNMENT OF INDIA,
MINISTRY OF DEFENCE,

New Delhi, dated the 10th September, 1984.

To

The Chief of the Army Staff
The Chief of the Naval Staff
The Chief of the Air Staff

The Director General,
Defence Lands & Cantonments,
R. K. Puram,
New Delhi.

Subject : *Acquisition of fresh lands for Defence purposes.*

Sir,

In the case of acquisition of lands for firing practices for Air Force in Ferozepore and Ludhiana Districts of Punjab the Public Accounts Committee has observed as under :

“In the opinion of the Committee with the modernisation of our Defence Forces, the requirement of land for defence purposes – both for training as well as for cantonments etc. particularly in the border areas is bound to increase. However, there is growing reluctance on the part of affected people as well as concerned State Governments who have to respect local feelings to such acquisition, particularly if the concerned land is fertile or is located in populated areas. The Committee have felt that it is high time that the problem was examined in depth at the high level to lay down suitable guidelines so as to reconcile the defence needs with the interests of the local population in order to obviate delays and complications as have occurred in the present case.”

2. The question of acquisition of fresh lands for Defence purposes has been reviewed in the Ministry and the following guidelines are issued :

(I) *Acquisition of fresh land for defence purposes*

As is well known, the availability of land, particularly of good agricultural land, is limited. There can be no doubt that acquisition causes hardship to land owners especially those with small holdings and the hardship is not always mitigated by payment of compensation to the owners. That apart the land acquired in excess of requirement, represents an available waste of the State's resources. In order, therefore, to ensure that acquisition of fresh lands for Defence purposes is restricted to the minimum required, local Military authorities may be directed to keep in mind the following factors before proposal for fresh acquisition of land are taken up with respective Service Headquarters :

- (i) Carefully explore the possibility of utilising the existing defence owned land before projecting proposal for acquisition of additional areas;
- (ii) Ensure that land already available with them is fully utilised;
- (iii) Where lands held by a particular Service are not surplus to that Service according to the scales prescribed, but are not to be utilised within the next 10 years, that area should be made available to any other Service which is in a position to utilise the said land in the near future. Each such case will be examined on merits keeping in view the reasons for non-utilisation of land furnished by the service holding the land.
- (iv) Where private land has to be taken over, to ensure that the least fertile land suitable to the Defence requirement is taken over.

II. On receipt of the proposals for fresh acquisition of land from the local Military authorities, the Service Headquarters should carryout a review of the sanctions already issued and utilisation of land already undertaken at the particular Station. Results of the review made by the Service Headquarters should be indicated as and when any proposal for acquisition of fresh lands is taken up with the Ministry of Defence.

III. Instructions had been issued by the DG DL & C in the past outlining the various steps to be taken by the DL&C and the Service Officers to avoid delays in completing acquisition proceedings after administrative sanction had been issued by the Defence Ministry. These are again reiterated in the Annexure-A. These may again be brought to the notice of the local authorities for strict compliance.

Yours faithfully,
A. K. GOYAL

Under Secretary to the Government of India

Copy to :

1. JS(Air)
2. JS(N)
3. DADS
4. CGDA
5. Ministry of Defence (Finance)W-I
6. D(GS-II)

Recommendation

As regards the acquisition of 1702.05 acres of land situated in Ludhiana District, the draft notice under section 4 of Land Acquisition Act was published in April 64. According to the Ministry of Defence, compensation for this land was fixed and paid on the basis of market value prevailing in 1964 and as such the escalation in land value from 1964 to 1971 had little consequence in this case. However, as regards the acquisition of 1974.8625 acres of land under Requisitioning & Acquisition of Immovable Property (RAIP) Act, 1952, the compensation was assessed on the basis of market value prevailing in 1971, i.e. the date of notification of Form 'J'. According to the Ministry of Defence, the acquisition proceedings had made little headway when Emergency was proclaimed in October, 1962. Escalation in the cost of land from Rs. 84 lakhs to Rs. 1.45 crores was due to the time lag of three years between the Collector's approximate assessment made and actual acquisition of the land in 1971, as land value during the said period rose sharply due to tube-wells irrigation and improved methods of cultivation as a result of the Green Revolution. The Committee are not convinced with these arguments and believe that had the Ministry proceeded in the matter in the right earnest by way of taking all necessary steps and effectively pursuing the matter with all the concerned authorities like the Collector, etc. much of the delay in the completion of the acquisition proceedings could have been avoided. The Committee cannot but conclude that the matter was not dealt with the requisite urgency that it deserved. The Committee hope that in the light of the sad experience in this case, Government would take necessary steps to streamline and revamp the procedure for completion of acquisition proceedings so as to avoid such inordinate and costly delays in future.

[Sl. No. 10 (Para 2.64) of Appendix to 207 Report of PAC (7th Lok Sabha)]

Action Taken

Copies of the instructions issued regarding speedy acquisition of land for defence purposes are attached (Annexure to Serial No. 9).

[Ministry of Defence O.M. No. 2 (2)/83/D (Air-I)]

Recommendation

The Committee are surprised to note that after the requisitioning of the land in 1963 on payment of annual rental, the land virtually remained under cultivation by the owners right from the beginning, without payment of any consideration therefor to the Ministry of Defence. The Defence Secretary concerned during evidence that "when the land was requisitioned and put in our possession it was not a vacant possession. All the farmers who were cultivating their land were there and the encroachment was there."

[Sl. No. 11 (Para 2.65) of Appendix to 207 Report of PAC (7th Lok Sabha)]

Action Taken

Air Headquarters have issued necessary instructions to all their Commands/units *vide* No. Air HQ No./36010/11/W1, dated 22.6.84 not to take possession of land until it is free from encroachment. A copy of the instructions is attached as Annexure I. DG DL&C have also issued necessary instructions to their field officers *vide* their letter placed at Annexure II. That no land with encroachments existing thereon should be taken possession, till the time the land is cleared of all encroachments.

[Ministry of Defence O.M. No. 2(2)/83/D-(Air-II) dated 28-11-1984]

ANNEXURE I

Telephone : 370231/634

Air HQ/36010/11/W 1

Air Headquarters
New Delhi-110011
22nd June, 1984

HQ Western Air Command : IAF }
HQ Eastern Air Command : IAF }
HQ Central Air Command : IAF } (For AOC-in-C)
HQ Southern Air Command : IAF }
HQ Maintenance Command : IAF }
HQ Training Command

ENCROACHMENTS LAND ACQUISITIONED

1. The land for SK Range, Halwara, was requisitioned under Defence of India Rules in 1963, and put into use immediately by No. 9 Wing, AF, for firing practices. However, when the land was put in our possession, it was not a vacant possession. All the farmers who were cultivating the land were there and later, despite all out efforts with Civil Authority to evict the ex-land owners the encroachment continued. Ultimately, at the behest of civil authorities in 1972, a workable and lasting solution was found by way of getting these ex-land owners security cleared and employing them as farm managers.

2. This system came under the review of Public Accounts Committee in 1983. The Public Accounts Committee has now expressed their concern over the utter failure on the part of authorities to protect the land from encroachments. They have also stressed the need to take suitable measures to ensure that such lapses do not recur in future.

3. It has, therefore, been decided that hereafter only vacant possession of such acquired land must be taken. Further, steps such as construction of boundary wall, fencing of the area, employment of the chowkidars etc. will have to be undertaken expeditiously to ensure that there are no subsequent encroachments on the acquired lands.

4. Kindly issue necessary instructions to the Commanders under you. A copy of this instructions may also be kept in their handing over/taking over folder.

5. Please acknowledge.

Sd/-
(S. K. C. GUPTA)
Air Marshal
Air Officer i/c Administration

ANNEXURE II

No. 10/39/ACQ/WC/DLC
Government of India,
Ministry of Defence (Dte. Genl DLC)
New Delhi, the 13th July, 1984.

To

The Directors,
Ministry of Defence,
Western/Central/Northern/Southern/Eastern Commands,
SIMLA/LUCKNOW/JAMMU/PUNE/CALCUTTA

Subject : *Wrongful Appropriation of Public revenues to Non-Public Funds due to Encroachments on Requisitioned Lands*

The Public Accounts Committee has in the 207th report expressed serious concern over the failure on the part of authorities to prevent encroachments on land acquired/requisitioned and has stressed the need to implement suitable measures to ensure that such lapses do not occur in future.

2. All DEOs/ADEOs should henceforth ensure that before taking over any land it is physically surveyed in order to ensure that no encroachments exist on it. In case any encroachments are found, the land should not under any circumstances be taken over till the encroachment is totally physically removed on the ground.

3. All DEOs/ADEOs should acknowledge receipt of this circular by 31st July, 1984.

Sd/-

Addl. Director General
Defence Land & Cantonments

Copy to :

1. Public Accounts Committee—w.r.t. 207th report by PAC (1983-84)
2. D(Air-II)—w.r.t. your U.O. No. F. 2(2)/83/D(Air-II) 29.6.84
3. DS(Works)
4. Ministry of Defence/Finance (Air).
5. Air HQ/Directorate of Air Force Works.
6. All Deputy Directors.
7. All DEOs/ADEOs.

Recommendation

The Committee observe that consequent on the requisitioning of the land in 1963 the Ministry of Defence did not take adequate measures like fencing or construction of boundary walls to protect the lands from encroachments. According to the Ministry of Defence provision of security authorised for safe guarding defence land could not be made in this case due to wastness of the land and fund position. The Committee observe that at the time of the requisitioning of the range, no chowkidars were authorised. Seven chowkidars for the Air Force station Halwara and Nine chowkidars on seasonal basis whenever the range was in use were for the first time authorised on 27.1.1966. The Ministry's note gives no information about the specific period during which these chowkidars were actually appointed. The Committee are further surprised over the position stated by the Ministry of Defence that even these chowkidars were not intended to be employed to prevent encroachment as they were primarily meant to safeguard the assets created on the range. Thus, in effect, no steps were taken by the authorities to protect the land from encroachment.

[S. No. 12 (Para 2.66) of Appendix to 207th Report of PAC (7th Lok Sabha)]

Action Taken

Necessary instructions for construction of boundary wall/fencing of the area/employment of chowkidars etc. to protect the land from encroachment have been issued vide No. Air HQ/36010/11/W1, dated 22.6.84.

[Ministry of Defence O.M. No. 2(2)/83/D (Air II) dated 28-11-1984]

Recommendation

An idea of the extent of encroachments can be had from the report of inspection of the area by the Military Land and Cantonments authorities in April, 1970 wherein it was stand the "entire area (except for a small patch) was under cultivation by the original land owners and some of them had sunk tube wells after the lands were requisitioned." While the Committee are constrained to express their serious concern over the utter failure on the part of the authorities to prevent encroachments on land requisitioned by them, they would stress that suitable measures should be taken to ensure that such lapses do not recur in future and the Committee informed of action taken in this regard.

[S.N. 13 (Para 2.67) of Appendix to 207th Report of PAC (7th Lok Sabha)]

Action Taken

The DG, DL & C have issued instructions vide No. 10/39/ACQ/WC/DLC dated 13.7.84 to all their field organisations not to take possession of any land until it is free from all encroachments.

[Ministry of Defence O. M.No. 2(2)/83/DE (Air-II) dated 28-11-1984]

Recommendation

The Committee note that the firing range on the requisitioned land was inaugurated on 6.4.83. According to the Ministry of Defence the range has been in continuous use for practice purpose right from 1964. The Committee regret to note that for 8 years, from 1963 to 1971, till the land was acquired, only temporary facilities were created on the range as permanent facilities in order to convert it into a fully effective firing range could be created only after acquisition. Further, Ministry of Defence have no records to show the number of days in a month, the range was utilised since 1964 to 1971, when it was acquired. According to the Ministry of Defence these records have since been destroyed, as such papers are kept only for five years. The Committee consider it strange that although the authorities are in possession of land in question since 1964, they do not have the records to show the extent to which the land was utilised before 1971. The Committee are surprised that papers containing important information are destroyed in the Ministry of Defence just after a period of five years. The Committee feel that the system of maintenance of important records in the Ministry of Defence needs to be reviewed suitably. In the absence of these records, the Committee are not in a position to verify that the range was put to optimum and effective use for practice purposes from 1963 to 1971 i.e. till it was acquired. Even now, the Committee note that the land is used only for a part of the day i.e. upto 2 P.M. on practice days and certain types of weapons are not being used. Thus it cannot be concluded that the objective for which the land was acquired is being fully achieved.

[S. No. 15 (Para 2.69) of Appendix to 207th Report of P.A.C. (7th Lok Sabha)]

Action Taken

The life of the required records is only five years as per the existing policy of the Government as laid down in the procedure for Retention of Old Records and Documents. The retention of old files/documents is a universal problem. Due to shortage of storage space, they are weeded out as soon their retention period expires. However in view of the recommendation made by P.A.C. action is being taken to review the system of maintenance of important records in the Ministry of Defence. As soon as a decision is taken in the matter, the same will be communicated to the Committee. The S. K. Firing range is in continuous use for firing practice right from 1964. It is certified that the objective for which the land was acquired is being fully achieved.

[Ministry of Defence O.M. No. 2 (2)/83/D (Air-II) dated 28-11-1984]

Recommendation

The Committee note that even on acquisition of the land in 1971 at an exorbitant cost of Rs. 1.45 crores, it was not possible for the defence authori-

ties to remove the encroachments by the ex-land owners. In pursuance of the suggestion made by the Civil authorities, the defence authorities employed all the 416 ex-land owners (61 of them were ex-servicemen) as farm managers on year to year basis to cultivate the land. Surprisingly enough, the Farm Managers were entrusted with the same area for cultivation as per the land held by them prior to acquisition (the maximum area is 49 acres and the minimum 0.25 acres). The Farm Managers were to ensure that net profit did not fall below Rs. 150 per acre per annum as assessed by the Board of Officers based on the advice of the experts from Punjab Agricultural University. The Defence Secretary informed the Committee during evidence that "There is a provision that considering the condition it can be reduced to 100. A certificate is there to be given by the agricultural Scientist. On that basis the Board of Directors fixes what is to be the quantum of return." The Committee were further informed that these persons were got cleared from the security point of view as per provision in the rules. It is not clear whether the persons employed by the Farm Managers were also security cleared.

[S. No. 16 (Para 2.70th) of Appendix to 207th Report of PAC (7th Lok Sabha)]

Action Taken

Necessary instructions have now been issued vide Air HQrs No. Air HQ/25616/117/Acts dated 3.7.84 to all Commands/Units.

Air HQ have also confirmed that all persons employed by the Farm Managers are security cleared and security passes are issued to them.

[Ministry of Defence O.M.No.2 (2)/83/D (Air-II) dated 28-11-1984]

Recommendation

The Committee regret to note that the arrangement of employing the exland owners as Farm Managers had to be resorted to by the Ministry of Defence under duress. The Defence Secretary conceded during evidence that "At that time we were powerless to remove them." The Committee are further of the view that the appointment of ex-land owners as Farm Managers was neither in accordance with the orders of August 1973 nor the orders issued on 10th May, 1976. Even in the matter of fixation of the return for cultivation, the authorities have deviated from the prescribed provision in the rules. The Committee cannot but express their deep concern at this helpless state of affairs where Government have not been able to get their own land vacated. The Committee have no doubt that appointment of the *ex-land owners as Farm Manager* was quite *irregular*. The Committee have also no doubt that had the authorities been vigilant right from the time of requisitioning of the land, such a situation might not have arisen. It passes the comprehension of the Committee how all the so called Farm Managers can be considered as wage labourers.

[S. No. 17 (Para 2.71) of Appendix to 207th Report of PAC (7th Lok Sabha)]

Action Taken

The appointment of the ex-land owners as Farm Managers of the land was necessitated by the special circumstances of the case. It was apprehended that any attempt to remove the encroachments on the land was likely to lead to serious law and order situation. Hence on the advice of the civil administration, it was decided to appoint the ex-land owners as Farm Managers of the land. However since the Committee considers that the system is irregular and does not conform to the orders of the Government in this regard, action is being taken to regularise the system under the orders of competent authority. The committee will be informed of the decision of the Government in this regard in due course.

[Ministry of Defence O.M. No. 2(2)/83-D (Air-II) dated 28-11-1984]

Recommendation

The Committee observe that whereas the authorities failed to make any realisation for the irregular cultivation of the land done by the ex-land owners from 1963 to March, 1972 as encroachers, the total realisation from the farm managers during the subsequent years 1973 to 1981 amounted to Rs. 24.76 lakhs, out of which only a sum of Rs. 6.14 lakhs was credited to Government revenues. The remaining 3/4 amount was retained for the regimental welfare. The Committee are not sure whether this was regular.

[S. No. 18 (Para 2.72) of Appendix to 207 Report of PAC (7th Lok Sabha)]

Action Taken

In view of the special circumstances of the case, action is being taken to regularise the system under the orders of the competent authority.

[Ministry of Defence O.M. No. 2(2)/83/D (Air-II) dated 28-11-1984]

Recommendation

The facts stated above clearly indicate the present unsatisfactory procedure relating to acquisition of lands for defence purposes. With the modernisation of our Defence Forces, the requirement of land for defence purposes—both for training as well as for cantonments, etc. particularly in the border areas is bound to increase. However, there is growing reluctance on the part of affected people as well as concerned State Governments who have to respect local feelings to such acquisition, particularly if the concerned land is fertile or is located in populated areas. The Committee feel that it is high time that the problem was examined in depth at a high level to lay down suitable guidelines so as to reconcile the defence needs with the interests of the local population

in order to obviate delays and complications as have occurred in the present case.

[S. No. 19 (Para 2.73) of Appendix to 207 Report of PAC (7th Lok Sabha)]

Action Taken

As desired by P.A.C. the problem has been examined in depth at high level. Necessary guidelines have been issued vide Government of India. Ministry of Defence letter No. 14018/1/84/D (Lands) dated 10.9.1984.

[Ministry of Defence O.M. No. 2(2)/83/D (Air-II) dated 28-11-1984]

CHAPTER III

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

Recommendation

In January 1974, the Air Force had gone to the extent of indicating that the weapon System 'A' was becoming obsolescent very fast and their requirement for this Weapon System would be 144 for the years 1974-79 and there would be no further requirement thereafter. The Committee regret to find that despite the views expressed by the users themselves, the Steering Committee again decided to continue the development project. This decision of the Steering Committee was based on the position taken by the representative of the DRDO, that the development programme of Weapon System 'A' should be continued in order to establish the infrastructure and the required competence to undertake the development of successor and futuristic weapon system.

[Sl. No.4 (Para 1.59) of Appendix to 207th Report of the PAC (7th Lok Sabha)]

Action Taken

By continuing and completing Weapon System 'A' project, we were able to acquire expertise in one of the most important technologies which has now found direct application in the current programme, namely a surface to-surface weapon. This technology is not present in Weapon System 'B'. Thus, the decision taken by the Steering Committee to continue the development project of Weapon System 'A' was in the right direction to fulfil the object in view.

[Ministry of Defence (Deptt. of Defence Research and Development) O.M.No. Adm. /6310/RD-26(ii) dated 23-10-1984]

Recommendation

The Committee regret to find that there was a lot of ambivalence on the part of the Air Headquarters with regard to the utility of Weapon System 'A'. In January 1977, the Air Headquarters took a decision to continue Weapon System 'A' upto 1990 and suggested either to extend the life of the existing Weapon System 'A' to 15 or 20 years or to import 111 numbers of such Weapon System before 1980. However, in May 1979, even while the development of Weapon System 'A' was in progress, the Air-Headquarters suggested

that Weapon System 'A' should be phased out after its life expiry and replaced by a futuristic Weapon System, in view of the following reasons:—

- (i) Weapon System 'A' would not meet the operational requirements of 1990s.
- (ii) Compared to Weapon System 'B', Weapon System 'A' was technologically an obsolete system, using technology of 1950s and was a very unwieldy system with lesser mobility.
- (iii) The Air Force was committed to a large force of Weapon System 'B' which would be in operational service for a long time to come.
- (iv) Cost of indigenous production of Weapon System 'A' was more than 1.1/2 times the imported cost of Weapon System 'B'.

[Sl. No. 6 (Para 1.61) of Appendix to 207th Report of the PAC (7th Lok Sabha)]

Action Taken

Air Headquarters had taken a decision to continue the System 'A' upto 1990 because the life of the system was expected to be extended upto 20 years. Since there was an overall shortage of missile systems to provide SAM cover to our VA's and VPs, it was decided to continue using Weapon System 'A' till the end of its technical life. The requirement for importing 111 missiles was projected in 1977 on the following assumptions :—

- (a) Indigenous production would be established from 1980-81.
- (b) The life of the missile system was assumed to be 15 years.
- (c) To maintain the UE of missiles at the desired level.

2. The advantages of employing Weapon System 'B' over System 'A' for the assessed threat were known to Air Headquarters as far back as 1973. In 1979, these facts were only reiterated.

3. Keeping in view the likely availability of missiles from indigenous sources, Air Headquarters had to match the import and the yield from indigenous production to sustain the UE at a desired level. This resulted in requirements being revised.

[Ministry of Defence (Deptt. of Defence Research and Development) O.M. No. Adm. /6310/RD-26(ii) dated 23-10-1984]

CHAPTER IV

RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee further note that annual recurring compensation was paid to the land owners for the entire period of requisition. Strangely enough, the payment of rental compensation could not be withheld inspite of the fact that land was under encroachment by the same land owners, as advised by the Ministry of Law. The Committee, however, note that opinion of the Ministry of Law about withholding the payment of rental compensation was not obtained specifically in this case. According to the Ministry of Defence, the Ministry of Law had given the aforesaid advice in another case. It is, however, shocking that the relevant file containing the advice of the Ministry of Law is not traceable in the Ministry. The Committee desire that matter relating to the missing file should be investigated with a view to fixing responsibility. The Ministry of Defence have stated that fresh opinion of the Ministry of Law on this point is being obtained. The Committee strongly feel that opinion of the Ministry of Law in this specific case should have been obtained in the beginning itself. The Committee desire that the opinion of the Law Ministry in the matter should be obtained at an early date and necessary steps taken in the light of the legal opinion to ensure that the Government are not placed in similar predicaments in future.

[S.No. 14 (Para 2.68) of Appendix to 207th Report of PAC (7th Lok Sabha)]

Action Taken

The old file reported to have been misplaced has since been traced out. A copy of the views expressed by the Law Minister in 1966 is placed at Annexure 'C'. However, as advised by P.A.C. fresh opinion of the Ministry of Law is being obtained in this case. A copy of the advice of Law Ministry will be sent to Lok Sabha Sectt. as soon as the same is received from the Ministry of Law.

[Ministry of Defence O.M. No. 2 (2)/83/D/Air-II, dated 28-11-1984]

CHAPTER V

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

NIL

NEW DELHI;
April 20, 1987

Chaitra 30, 1909 (S)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

APPENDIX I

Extract of Audit Report (Defence Services) 1970 Encroachment on requisitioned lands Text of the Audit Para

The views of the Law Minister given in 1966 in the case of requisitioned lands in Calcutta which were under encroachment.

"A meeting was accordingly held in the Ministry of Finance on 1.4.1966 presided over by the Finance Minister. At the meeting it was decided by the then Finance Minister that the approach for a solution to the problem might be on somewhat following lines :

- (a) Immediately, it was unpractical in the present disturbed atmosphere of West Bengal and the ensuing elections to expect the West Bengal Government to take stern law and order measures against the squatters.
- (b) The Defence Ministry should try to liquidate the problem which had become so acute on account of the negligence of their officers in the past, as early as possible.
- (c) There may be some advantage in stopping the payment of compensation and in forcing the owners to go to court. When this happens on the plea of the Defence Department, squatters would necessarily have to be made parties to the suit and eventually, some decree establishing relationship between the squatters and the owners might be expected absolving the Defence Ministry in part of at the worst, on payment of some damages once for all.

It was felt that the above decision which was taken on 1.4.1966 could not possibly be implemented and the file was submitted to the Defence Minister for orders if the Law Minister may be consulted about the implications of the course of action decided upon in the meeting held on 1.4.1966. The then Defence Minister approved the proposal and the file was referred to the Ministry of Law for advice in the matter.

In his note dated 11.7.66, the then Minister for Law advised as under :

"In my opinion, there is no legal impediment in derequisitioning the lands forthwith. It is true that Government will not thereby be discharging the statutory obligation restoring the lands in as good a condition as they were when possession thereof was taken, but such an obligation is not a

condition precedent to derequisitioning the lands. This is clear from the provision of Section 8(2) (b) (iv) of the Act which entitles the owners to recover from Government damages toward "the expenses that may have to be incurred for restoring the property to the condition in which it was at the time of requisition" Government will no doubt have to pay compensation to the owners under this provision for the expenses that they may have to incur for restoring the lands to the condition in which they were at the time of requisition by the demolition of the hutments. But at the same time they will be relieved of the obligation to pay the monthly recurring compensation as well the trouble-some task of rejecting the squatters. I agree with the then Solicitor General that the presence of the squatters on the lands does not preclude Government from derequisitioning the lands and delivering possession thereof to the owners or their successor-in-interest.

My advice as strictly on legal grounds, but before acting on it, Government would no doubt consider the political and other consequences which might ensue in the event of the owners of the lands attempting to evict the squatters after the lands are de-requisitioned."

APPENDIX II

Conclusions and Recommendations

Sl. No.	Para No.	Ministry/ Department concerned	Conclusions/Recommendations
1	2	3	4
1	1.17	Defence (Deptt. of Defence Research and Development)	<p>In their earlier Report the Committee had expressed surprise that in spite of the categorical assertion by the representative of the Air Force at the meeting of the Steering Committee held in October, 1973 that the Air Force did not have any significant requirement for additional quantities of either Weapon System 'A' or its ground complex after 1980 and hence it might be necessary to redirect research and development efforts towards indigenisation of Weapon System 'B', the Steering Committee decided to continue the project on the old system. By then only an expenditure of Rs. 1.97 crores had been incurred on this project as against the total expenditure of Rs. 15.41 crores incurred thereon upto June, 1981. The Committee had also observed that had the switchover from the development of Weapon System 'A' to Weapon System 'B' been made in August 1973 itself when initially suggested by the Air Force, the need for six squadrons of Weapon System similar to type 'B' might have been met by indigenous production. According to the Department of Defence Research and Development a considered view was taken by the Steering Committee after taking all factors into account, that the best course of action was to continue development of system 'A' to its logical conclusion, so that future requirements of systems could be met by indigenous development and production.</p>
2	1.18	Defence (Deptt. of Defence)	<p>At their sitting held on 16 September, 1985; the Committee were informed by the Secretary, Department of Defence Research and Development that</p>

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the main objective for the developmental project on system 'A' was to develop technical know-how for development and production of futuristic systems. It was also explained "that even though the Air Force changed the requirements from System A to System B on the basis of tactics, we have to look into the additional perception, that is, the technology perception. The technology should be such that it must have all the greater possibilities not only to meet the immediate requirements, but also to see what are the things to be done. It has already started showing the dividends." The Secretary also apprised the Committee that they had attained capability in this field which could not have been possible if they had not continued with the development of system 'A'. It was also stated that both systems 'A' and 'B' were still in use and in fact their role was supplemental to each other.

The Committee had reached their earlier conclusions in the matter on the basis of the facts then placed before them. However, the claim made by the Department of Defence Research and Development that the main objective for the developmental project on system 'A' was to develop technical know-how for development and production of futuristic systems cannot at present be substantiated by any concrete evidence or achievement. The veracity or otherwise of the claim made by the Department will depend on future actual achievements in the field.

3 1.21 Defence

In their earlier Report, the Committee had taken note of the fact that annual recurring compensation was paid to the land owners for the entire period of requisition of the land which was initially requisitioned under the Defence of India Act, 1962 as it was required urgently for locating a firing range thereon. Strangely enough, the payment of rental compensation could not be withheld in spite of the fact that the land was under encroachment by the same land owners. The Government failed to specifically obtain the advice of the Ministry of Law in the matter of withholding payment of annual recurring compensa-

tion to the land owners particularly when the land was under their illegal encroachment but relied on the legal opinion earlier given by the Ministry of Law in another case. As the aforesaid relevant file was not traceable in the Ministry of Defence when the matter was under original examination by the Committee, the Committee had while expressing shock in the matter, recommended that the matter relating to the missing file should be investigated with a view to fixing responsibility. In their action taken note the Ministry of Defence have stated that the aforesaid missing file has since been traced out. It is a matter of serious concern that the Government failed to make serious efforts to locate the important file so urgently required by the Committee for formulating their opinion on a matter under their examination. As the Committee are not satisfied with the reply of the Ministry, they reiterate their earlier recommendation that the matter relating to the missing file should be investigated with a view to fixing responsibility.

The Committee would also recommend that the system of record keeping and documentation in the Ministry of Defence should be thoroughly overhauled and redesigned or strengthened to ensure proper custody and pin-pointing of responsibility for safeguarding the files and documents.

4. 1.22 Defence

On going through the legal advice given by the Ministry of Law in 1966 and also keeping in view the facts in the present case, the Committee are of the definite view that the Ministry of Defence should have obtained specific opinion of the Ministry of Law in this case with regard to the payment of rental compensation to the original land owners. It is a matter of concern that the authorities concerned paid a scant regard to the public financial interests amounting to as much as Rs. 14.37 lakhs. It is all the more regrettable that though their 207th Report was presented to Lok Sabha on 24.4.1984 the Government have not so far obtained the specific

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opinion of the Ministry of Law for their future guidance in such cases. The Committee recommend that opinion of the Ministry of Law should be obtained in the matter without any further delay and necessary steps should be taken in the light of the legal opinion to ensure that the Government are not placed in similar situations in future.

5 1.25 Defence

Out of the amount of Rs. 24.76 lakhs realised from the farm Managers during the years 1973 to 1981, only a sum of Rs. 6.14 lakhs was credited to Government revenues and the remaining amount was retained for the regimental welfare. The Committee would like to know the specific rules and authority under which the sum of Rs. 18.62 lakhs was retained the regimental welfare.

PART II

MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD 24TH JUNE, 1985 (FORENOON)

The Committee sat from 11.00 hrs. to 13. 15 hrs.

PRESENT

Shri E. Ayyapu Reddy—*Chairman.*

MEMBERS

2. Shri Amal Datta
3. Shri Ranjit Singh Gaekwad
4. Shrimati Prabhawati Gupta
5. Shri G. Devaraya Naik
6. Shri Raj Mangal Pandey
7. Shri H. M. Patel
8. Shrimati Jayanti Patnaik
9. Shri Simon Tigga
10. Shri Girdhari Lal Vyas
11. Shrimati Amarjit Kaur
12. Shri Nirmal Chatterjee
13. Shri Ramanand Yadav

REPRESENTATIVES OF THE OFFICE OF C&AG

1. Shri P.C. Asthana—ADAI (Railways)
2. Shri T.M. George—ADAI (Report—Central)
3. Shri S. Satyamoorthy—Joint Director (R.C.)
4. Shri P. N. Mishra—Joint Director (Railways)
5. Shri M. Parthasarthy—DADS, New Delhi
6. Shri C.V. Srinivasan—DADS, (Air Force & Navy)
7. Shri B.S. Gill—JDA, DS (O/o DADS, New Delhi)

SECRETARIAT

1. Shri K.H. Chhaya—*Chief Financial Committee Officer*
2. Shri R.C. Anand—*Senior Financial Committee Officer*
3. Shri Krishnapal Singh—*Senior Financial Committee Officer*

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3. The Committee then took up for consideration of the Draft Report on action taken by Government on the recommendations contained in the 207th Report of the Public Accounts Committee (7th Lok Sabha) relating to Development of a Weapon System and Wrongful Appropriation of public revenues to non-public Funds. With regard to the recommendation at Para 1.8 of the Draft Report, the Committee decided that before reiterating their recommendation the Secretary, Ministry of Defence (Department of Defence Research and Development) should be asked to explain in evidence as to how far the competence and infrastructure built by development of weapon system 'A' has been utilised for the development of weapon system 'B' and other futuristic systems.

The Committee finalised the other part of the Report with certain modifications/amendments as shown in Annexure I.

4.	*	*	*	*
5.	*	*	*	*

The Committee then adjourned

ANNEXURE I

Amendments/Modifications made by the Public Accounts Committee at their sitting held on 24 June, 1985 in the Draft Report on Action Taken on the 207th Report of Public Accounts Committee (7th Lok Sabha) relating to Development of a Weapon System and Wrongful Appropriation of Public Revenues to Non-Public Funds.

Page	Para	Line	For	Read
12	1.12	9	'enorachment'	'encroachment'
14	1.13	4	delete 'strongly'	

Add the following after Para 1.13

"Disposal of the amount realized from the Farm Managers during the years 1973 to 1981"

1.14 In Paragraph 2.72 of their 207th Report, the Committee had recommended as follows :

'The Committee observe that whereas the authorities failed to make any realisation for the irregular cultivation of the land done by the ex-land owners from 1963 to March, 1972 as encroachers, the total realisation from the farm managers during the subsequent years 1973 to 1981 amounted to Rs. 24.76 lakhs out of which only a sum of Rs. 6.14 lakhs was credited to Government revenues. The remaining 3/4 amount was retained for the regimental welfare. The Committee are not sure whether this was regular.'

1.15 In the action taken note dated 28 November, 1984 the Ministry of Defence have stated as follows:

'In view of the special circumstances of the case, action is being taken to regularise the system under the orders of the competent authority.'

1.16 'Out of the amount of Rs. 24.76 lakhs realised from the Farm Managers during the years 1973 to 1981, only a sum of Rs. 6.14 lakhs was credited to Government revenues and the remaining amount was retained for the regimental welfare. The Committee would like to know the specific rules and authority under which the sum of Rs. 18.62 lakhs was retained for the regimental welfare.'

MINUTES OF THE 11TH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON 16.9.1985

The Committee sat from 1100 hrs. to 1400 hrs.

PRESENT

Shri E. Ayyapu Reddy - *Chairman*

MEMBERS

Lok Sabha

2. Shri J. Chokka Rao
3. Shri Amal Datta
4. Shri Ranjit Singh Gaekwad
5. Shri Rameshwar Nikhra
6. Shri Rajmangal Pande
7. Shri Simon Tigga
8. Shri Girdhari Dal Vyas

Rajya Sabha

9. Shri Nirmal Chatterjee
10. Shri Chaturan Mishra

SECRETARIAT

1. Shri N. N. Mehra - *Joint Secretary*
2. Shri K. H. Chhaya - *Chief Financial Committee Officer.*
3. Shri R. C. Anand - *Senior Financial Committee Officer.*

REPRESENTATIVES OF AUDIT

1. Shri T.M. George - *Addl Dy. C&AG of India (R-C)*
2. Shri M. Parthasarthy - *D.A.D.S.*
3. Shri C.V. Srinivasan - *Director of Audit (Air Force and Navy)*
4. Shri B.S. Gill - *Joint Director of Audit (Defence Services)*
5. Shri S. Sathyamoorthy - *Joint Director (Reports Central)*

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REPRESENTATIVES OF THE DEPARTMENT OF DEFENCE
RESEARCH AND DEVELOPMENT

1. Dr. V. S. Arunachalam - *Secretary*
2. Shri V. S. Bhir - *Financial Adviser (DS)*
3. Air Marshal JW Green - *Dy. Chief of the Air Staff*
4. Dr. APJ Abdul Kalam - *Director of Rocket and Missiles.*

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The Committee also took certain elucidations from the Secretary, Department of Defence Research and Development on certain points arising out of the action taken notes furnished by this Department on the recommendation contained in the 207th Report of the Public Accounts Committee (7th Lok Sabha) relating to Development of a weapon system and wrongful appropriation of public revenues to non-public funds. The Secretary, Department of Defence Research and Development elucidated that continuation of development project on weapon system 'A' gave them the necessary competence and infrastructure for the development and production of the futuristic weapons of this system. It was also explained that had they switched over to the development of weapon system 'B' it would not have been possible for them to achieve this competence.

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The Committee then adjourned.

MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE HELD ON 18TH SEPTEMBER, 1985 IN
COMMITTEE ROOM 'D,' PARLIAMENT HOUSE
ANNEXE, NEW DELHI.

The Committee sat from 11.00 to 13.15 hrs.

PRESENT

Shri E. Ayyapu Reddy—*Chairman*

MEMBERS

2. Shri J. Chokka Rao
3. Shri Amal Datta
4. Shri Ranjit Singh Gaekwad
5. Shrimati Prabhawati Gupta
6. Shri Vilas Muttemwar
7. Shri Rajmangal Pande
8. Shri H. M. Patel
9. Shri Simon Tigga
10. Shri Girdhari Lal Vyas
11. Shri Nirmal Chatterjee
12. Shri Ghulam Rasool Kat
13. Shri Chaturanan Mishra
14. Shri K. L. N. Prasad

SECRETARIAT

1. Shri N. N. Mehra—*Joint Secretary*
2. Shri K. H. Chhaya—*Chief Financial Committee Officer*
3. Shri R. C. Anand—*Senior Financial Committee Officer*

REPRESENTATIVE OF THE OFFICE OF THE C AND AG OF INDIA

1. Shri P. C. Asthana—*Additional Deputy Comptroller and Auditor
General (Railways)*
2. Shri P. N. Misra—*Joint Director (Railways)*

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With regard to the draft Report on action taken by Government on the recommendations contained in the 207th Report of the Public Accounts Committee, the Chairman made the following observations:—

“As decided by the Committee at their sitting held on 24th June, 1985, the Secretary Department of Defence Research and Development and the Deputy Chief of Air Staff appeared before the Committee at their sitting held on the 16 September, 1985 and elucidated that continuation of development project on weapon system ‘A’ gave them the necessary competence and infrastructure for the development and production of the futuristic weapons of this system. They also explained that had they switched over to the development of weapon system ‘B’ it would not have been possible for them to achieve this competence.

In view of the aforesaid satisfactory explanation, the Committee may not like to pursue the recommendations at S. Nos. 3 and 5 of the 207th Report of the Public Accounts Committee (7th Lok Sabha) as earlier suggested for reiteration in Para 1.8 of the Draft Report.

The other part of the Draft Report was finalised by the Committee at their sitting held on 24 June, 1985. Further action with regard to the presentation of the Report may be taken.”

It was pointed out that the Committee had made the recommendation in the 207th Report on the basis of the statement made by the Air Force at the meeting of the Steering Committee held in October, 1973 that the Air Force did not have any significant requirement for additional quantities of either weapon System ‘A’ or its ground Complex after 1980. Further during the evidence held on the 16th September, 1985, it has been revealed that substantial quantity of Weapon System ‘B’ has been imported after 1981.

It was decided that these facts may be suitably brought out in the draft Report and it might be concluded that in the light of the fresh evidence the Committee might not pursue the recommendation. the Committee also, authorised the Chairman to finalise the draft Report accordingly and present it to the House.

The Committee then adjourned to meet at 15.00 hrs.

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