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**INDUCTION OF AN  
AIRCRAFT IN THE INDIAN  
AIR FORCE**

**Ministry of Defence**

**PUBLIC ACCOUNTS  
COMMITTEE**

**1990-91**

**FOURTH REPORT**

**NINTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

FOURTH REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(1990-91)

(NINTH LOK SABHA)

INDUCTION OF AN AIRCRAFT IN  
THE INDIAN AIR FORCE

(MINISTRY OF DEFENCE)

[Action Taken on 127th Report of Public Accounts Committee  
(8th Lok Sabha)]



*Presented in Lok Sabha on 23 August, 1990*

*Laid in Rajya Sabha on 23 August, 1990*

LOK SABHA SECRETARIAT  
NEW DELHI

*August, 1990/Sravana, 1912 (SAKA)*

P.A.C. No. 1293

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Price : Rs. 10.00

(Action Taken on 127th Report of Public Accounts  
Committee (9th Lok Sabha))



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PUBLIC ACCOUNTS COMMITTEE  
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## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fourth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 127th Report (Eighth Lok Sabha) on Induction of an aircraft in the Indian Air Force.

2. The Committee have been fully convinced that had a thorough review been done at the time of according approval and again at the time of placement of the supply order, the huge expenditure incurred on aircraft 'A' would have been utilised in a much better way by selection of a multi-role aircraft like 'L' which ultimately the country had to go in for. Reiterating their earlier recommendations the Committee have emphasized that the Government should be extremely judicious in the matter of selection of defence equipment so that the ultimate choice made is the very best for ensuring that the defence forces are kept effectively equipped all the time.

3. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 31 July, 1990. Minutes of the sitting form Part II of the Report.

4. For facility of reference and convenience, the recommendations 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 of the Report.

5. 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;

August 10, 1990

*Sravana 19, 1912 (S)*

SONTOSH MOHAN DEV,  
Chairman,  
Public Accounts Committee.



## CHAPTER I

### REPORT

1.1 This Report of the Committee deals with the action taken by Government on the Committee's recommendations/observations contained in their report\* on Induction of an aircraft in the Indian Air Force.

1.2 The Committee's report contained 17 recommendations/observations. Action taken notes on all these recommendations/observations have been received from the Ministry of Defence. The action taken notes have been broadly divided into four categories as indicated in Appendix I.

**1.3 The Committee hope that final reply to the recommendation in respect of which only interim reply has so far been furnished will be expeditiously submitted after getting it duly vetted by audit.**

1.4 In the succeeding paragraphs the Committee deal with action taken on some of their recommendations/observations.

#### *\*\*Choice of the aircraft*

1.5 After the 1971 war, a need was felt for a class of aircraft with deep penetration strike capability. The aircraft in use in the country were not so effective and were also affected with corrosion problem. In 1973, a need for a better aircraft was formally recognised by a body called APEX-I and in 1975 this was confirmed by another body called APEX-II. The Cabinet Committee on political Affairs (CCPA) approved in October 1978 the acquisition of 'P' number of aircraft 'A'.

1.6 The selection of aircraft 'A' was based on the recommendations of a team which evaluated three aircraft 'A', 'B', and 'C' for the deep penetration role. According to the Ministry of Defence the design concept of all the aforesaid three aircrafts was of the sixties. The Committee had felt that between aircraft 'A' and 'B' to which the choice was confined, the latter with a multi-role capability would definitely have been a better choice at that time. Secondly, there was also an offer for the transfer of technology of aircraft 'L' (a real multi-role aircraft) in case it was agreed to purchase aircraft 'B'. The first proto-type of aircraft 'L'

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\* Hundred and Twenty-Seventh Report (8th Lok Sabha) on Paragraph 35 of the Report of the Comptroller and Auditor General of India for the year 1985-86, Union Government (Defence Services).

\*\* Sl. Nos. 2-3, Paragraphs 21-22 of the 127th Report.



had flown in March 1978. The Committee had observed that the position should have been thoroughly reviewed having regard to the changes already made in the proto-type flown and predicted before approval in 1978.

1.7 The Committee had strongly deprecated the lack of serious and purposive approach on the part of the concerned agencies in the matter of selection of the aircraft. The Committee had also recommended that the Government should be extremely judicious in the matter of selection of defence equipment and keep in view not only the existing but also consider the development of technology in the field.

1.8 In their action taken note, the Ministry of Defence have stated as follows:

“The assumption by the Committee that there was lack of purposive approach in the matter of selection of the aircraft is not correct. Aircraft ‘L’ was purchased basically for air-defence capabilities. Its utility for deep penetration role was an additional attraction. Deficiencies in deep penetration aircraft were expected to arise in the authorised squadron force from 1980. It would not have been operationally advisable to put up with this deficiency till sufficient quantity of aircraft ‘L’ became available. Further, as these aircraft were also to be inducted in squadron service in the country of its origin, adequate number of Aircraft ‘L’ would not have become available to meet the deficiencies of DPSA aircraft till late 80s. It is pertinent to note in this context that there is no question of aircraft ‘A’ becoming obsolescent before the completion of its normal life cycle. Government are, therefore, unable to accept the implied criticism of PAC that the Government was injudicious in the matter of selection of Aircraft ‘A’.

1.9 Commenting upon the selection aspect, the Committee had observed in their earlier Report that the selection of aircraft ‘A’ was not well considered. The Committee had felt that between aircraft ‘A’ and ‘B’ to which the choice was confined, the latter with a multi-role capability would definitely have been a better choice at that time. Secondly, there was also an offer for the transfer of technology of aircraft ‘L’ (a real multi-role aircraft) in case it was agreed to purchase aircraft ‘B’. According to the Government, selection of aircraft ‘A’ had to be made due to the fact that deficiencies in deep penetration aircraft were expected to arise in the authorised squadron force from 1980 and it would not have been operationally advisable to put up with the deficiency till sufficient quantity of aircraft ‘L’ became available. The Committee are not fully convinced with these arguments. The first proto-type of aircraft ‘L’ (a real multi-role aircraft) had flown in March 1978 but the acquisition of ‘P’ number of aircraft ‘A’ was approved in October, 1978. Further the agreement for supply of aircraft ‘A’ was concluded subsequently in April, 1979. Keeping in view the huge investment involved in the project and also when the aircraft was to serve the needs of the country during the next 25 years, the

Committee feel that when the approval of the proposal could wait from 1971 to 1979, the authorities could have as well waited for some more time. As regards the contention that the deficiencies in deep penetration aircraft were expected to arise in the authorised squadron force from 1980, the Committee are of the view that pressing requirements of the Air Force, if any, at that time could at best be met by importing a few aircraft of that type. The Committee are fully convinced that had a thorough review been done at the time of according approval and again at the time of placement of the supply order, the huge expenditure incurred on aircraft 'A' would have been utilised in a much better way by selection of a multi-role aircraft like 'L' which ultimately the country had to go in for. The Committee therefore, reiterate their earlier recommendation that the Government should be extremely judicious in the matter of selection of defence equipment so that the ultimate choice made is the very best for ensuring that the defence forces are kept effectively equipped all the time.

[21. No. 1 (paragraph 2) of Annex III to 127th Report of the PAC  
(1984-85)]

#### Action Taken

It is not correct to say that Govt. adopted a fatalistic approach towards the urgent requirements of the Air Force. The requirement of DPSA was initially viewed as urgent as the existing deep penetration aircraft were fasted by corrosion. As this problem did not prove as acute as apprehended, the induction of a new model for DPSA role was examined in detail after taking into account all available options and the contract was concluded in time to make good the actual deficiencies in squadron strength.

Further the delay of seven years has been counted from the time the need was felt (1971) for a deep penetration strike aircraft to the date of Government approval (1978). This would not be a realistic picture since the positive necessity of a DPSA was emphasised by AFEX-II only in 1975 and the actual provision of the case to the Government was initiated only in 1976. It would be appreciated that an aircraft project of the magnitude of Rs. 1200 crores has to be carefully examined before a decision can be arrived at. Since the decision is



## CHAPTER II

### RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

After the 1971 war, a need was felt for a class of aircraft with deep penetration strike capability. The aircraft in use in the country were not so effective. Secondly, these aircraft were affected with corrosion problem. In 1973, a need for such an aircraft was formally recognised by a body called APEX-I and in 1975 this was confirmed by another body called APEX-II. The Cabinet Committee on Political Affairs (CCPA) approved in October 1978 the acquisition of 'P' number of aircraft 'A'. The very fact that the Government took *seven years* to accord approval to the acquisition of aircraft 'A' goes, to prove the lackadaisical approach of the Government from the initial stage itself in meeting the urgent requirements of the Air Force. The Committee desire that such delays must be eliminated in future in the interest of the country's defence preparedness and recommend that appropriate changes should be made in the decision making process to achieve this end.

[Sl. No. 1 (paragraph 8) of Appx. III to 127th Report of the PAC  
(8th Lok Sabha) ]

#### Action Taken

It is not correct to say that Govt. adopted a lackadaisical approach towards the urgent requirements of the Air Force. The requirement of DPSA was initially viewed as urgent as the existing deep penetration aircraft were affected by corrosion. As this problem did not prove as severe as apprehended, the induction of a new aircraft for DPSA role was examined in depth after taking into account all available options and the contract was concluded in time to make good the actual deficiencies in squadron strength.

Further the delay of seven years has been counted from the time the need was felt (1971) for a deep penetration strike aircraft to the date of Government approval (1978). This would not be a realistic picture since the positive necessity of a DPSA was emphasized by APEX-II only in 1975 and the actual projection of the case to the Government was initiated only in 1976. It would be appreciated that an aircraft project of the magnitude of Rs. 1500 crores has to be critically examined before a decision can be arrived at: Since the decision to



procure the aircraft was taken in October 1978, the delay of 2 years for a taking a decision may not be considered excessive.

The Committee may like to note that whenever the threat perception demands immediate action, appropriate steps are always taken by the Ministry of Defence to expedite decisions and achieve the operational goal. Notwithstanding this, the Committee's observation would be kept in view as guidance for future.

[Min. of Defence I.D. No. 58(8)/87/D (Air I) dated 14.6.1989]

### Recommendation

According to the approval accorded by the Cabinet Committee on Political Affairs (CCPA) in October, 1978, 73.3 per cent of 'P' number of aircraft 'A' were required to be manufacturer 'X'. The scope of the indigenous manufacturing programme was reviewed during October, 1981, as a result of which, the indigenous manufacturing programme was curtailed to 50.6 per cent of 'P' number. The reduction was mainly on the grounds that the design philosophy of the aircraft was of the sixties, other countries had inducted new generation aircraft and the foreign manufacturers of this aircraft had themselves planned stoppage of production of the aircraft in 1982. Keeping in view the obsolescence of the aircraft and other related factors, the CCPA had initially desired the indigenous manufacture to be confined to only 30 per cent of 'P' number but in 1982, it approved the proposal for additional 20.6 per cent of 'P' number raising the licensed indigenous production programme to 50.6 per cent of 'P' number at a total cost of Rs. 1076.03 crores. Undoubtedly, the review conducted by the CCPA in 1981 amounts to the questioning of the wisdom of decision taken in 1978. Secondly, right from 1971 the Air Force requirements were stated to be of a very pressing nature due to the inadequacy and depleting strength by corrosion. Strongly enough the decision taken as a result of the review conducted in 1981 is not in consonance with the plea for urgent requirements of the Air Force for such an aircraft. These contradictions undoubtedly, establish that the authorities concerned had neither a clear conception of their requirements nor the total perception of continuing technological advancements in the aeronautical field all over the world. The Committee strongly deprecate these contradictions and recommend that the Government should always keep themselves fully abreast of the technological research and advancement in the respective fields while working out the defence requirements so as to ensure that the Air Force is equipped effectively all the time.

[Sl. No. 4 (paragraph 38) of Appx III to 127th Report of the PAC  
(8th Lok Sabha)]



### Action Taken

Ministry of Defence has its own Defence Research and Development Organisation, which is constantly monitoring technology development world over. The representatives of this organisation are made to involve whenever required, in projects for assessment/evaluation etc. The organisation has been instructed to keep the ministry abreast of latest developments in the field of Technology periodically instead of "when required" basis. This is expected to bring about the desired result.

[Min. of Defence I. D. No. 58 (8)/87/D (Air I) dated 14.6.1989]

### Recommendation

The second order for 20.6 per cent of 'P' number of aircraft, to be manufactured from raw materials was placed on the PSU on 23 August, 1982. According to the schedule, delivery of 10.6 per cent of aircraft was to be effected in 1986-87 and the delivery of the remaining 10 of the aircraft was to be made during 1987-88. This delivery schedule was reviewed and revised by the concerned project board in August, 1985. According to the revised schedule supplies against both the orders of 1979 and 1982 were to be affected between 1982-83 and 1988-89. Till date the PSU had completed the supplies against the first order of 1979. According to the Ministry, supplies of the remaining aircraft are expected to be completed by 1989-90. There are deviations even from the revised schedule fixed by the Project Board in 1985. The Committee deprecate the lack of seriousness and purposive approach on the part of the concerned authorities in meeting the urgent and pressing requirements of the Air Force. The Committee recommend that concerted efforts should be made by all concerned to ensure that supply of the remaining aircraft is completed by 1989-90 positively.

[Sl. No. 6 (Paragraph 40) Appx III to 127th Report of the PAC  
(8th Lok Sabha)]

### Action Taken

The delivery schedule revised by the Project Board on 08 Aug. 85 was as follows:—

<i>Year</i>	<i>Aircraft Delivery</i>
1985-86	14S
1986-87	10S + 3T
1987-88	9S + 2T
1988-89	10S + 2T
1989-90	11S
	S = Strike aircraft
	T = Trainer



In accordance with the above, the delivery schedule for 85-86, 86-87 and 87-88 have been met except for one trainer aircraft scheduled for delivery in 87-88 since it was lost in a flying accident at HAL.

Every effort will be made to adhere to the delivery schedule for 1988-89 as recommended by the Committee.

[Min. of Defence I.D. No. 58 (8)/87/D (Air I), dated 14.6.1989 ]

### Recommendation

The Committee are concerned to note yet another negative impact of delay on the part of the Government in sanctioning the raw-material phase of production. The Ministry have conceded that due to this delay, an additional expenditure of Rs. 5.33 crores had to be incurred in importing certain components which were earlier proposed to be manufactured indigenously.

[Sl. No. 7 (paragraph 41) of Appx III to 127th Report of PAC (8th Lok Sabha) ]

### Action Taken

Sanction for raw-material phase of production was delayed as in the context of changed threats scenario from across our border and availability of a multi-role aircraft, a review of force-mix of DPSA and MRA was considered necessary. While it is true that the time taken for this review led to additional outgo of FFE worth Rs. 5.33 crores, the Committee may note that an equivalent amount may have to be spent in Indian rupees if these components were manufactured indigenously, as scheduled. It is incorrect to assume that there was wasteful expenditure because the components worth Rs. 5.35 crores were imported.

It would be agreed there can be no remedial action incorporated now for a delay in sanctioning raw material phase at that time. Once the delay had taken place, no components would be indigenously manufactured to meet the requirements of components for assembly line aircraft. These had to be imported by paying in FFE. Adequate precautions would be taken in future not to permit such delays to occur.

[Min. of Defence I.D. No. 58 (8)/87/D (Air I) dated 14.6.1989 ]

### Recommendation

According to the Detailed Project Report dated July 1980, infrastructure required for manufacture of Aircraft 'A' from the raw-material phase was proposed to be completed by September, 1983. Due to delay in according sanction for capital and DRE for the raw-material phase, setting up of infrastructure at PSU was completed by June, 1985 in aircraft division and



by July, 1986 in engine division. Since production of aircraft 'A' is to be completed by 1989-90, very costly and comprehensive infrastructure created, would be utilised only for 4-5 years. Since aircraft 'A' is the last of a particular technological line the Committee apprehend that the costly infrastructure may not be suitably utilised on completing the supply of 50.6 per cent of 'P' number of aircraft. The Committee strongly recommend that suitable ways and means should be devised to utilise that costly infrastructure to the maximum possible extent to strengthen the indigenous aeronautical base. The ways and means, so devised should be intimated to the Committee.

[Sl. No. 8 (paragraph 42) of Appx III to 127th Report of PAC  
(8th Lok Sabha) ]

#### **Action Taken**

Most of the infrastructure created at PSU for production of 76 aircraft will be utilised for production of spares required by IAF as well as for repair/overhaul of the aircraft, engines, avionics and accessories throughout the service life of the aircraft. The capital facilities set up at PSU, to the extent they are not specific to the aircraft, will be utilised for other projects like LCA, ALH etc. as well as for manufacture of aeronautical equipment for export, as and when efforts to export equipment and components bear fruit.

[Min. of Defence I.D. No. 58 (8)/87/D (Air I) dated 14.6.1989 ]

#### **Recommendation**

Due to delay in selection and development of navigation system 'G', all the direct supply aircraft and 4 percent of 'P' number of aircraft supplied by the PSU were equipped with system 'H', which apart from low reliability, is prone to frequent repairs. Expenditure on repair abroad of system 'H' amounted to Rs. 4.99 crores upto October, 1986. According to the Ministry, there is no proposal to replace system 'H' fitted in some aircraft by system 'G'. The Committee are surprised that a superior Nav-attack system is not to be fitted in a large number of aircraft inspite of its availability, particularly where so much trouble was taken, funds spent and delay undergone for development of the latter system 'G'. Since the aircraft are meant for role in which a superior Nav-attack system might make all the difference, the Committee recommend that the decision for not fitting system 'G' in aircraft already having system 'H' should be carefully reviewed having regard to all the operational consequences.

[Sl. No. 11 (paragraph 47) of Appx III 127th Report of PAC  
(8th Lok Sabha) ]



### Action Taken

The recommendation of the Committee that decision for not fitting system 'G' on aircraft already having system 'H' has been examined. The suggestion has been accepted in principle and will be implemented depending upon operational needs, technical feasibility and cost-benefit analysis of such retro-fitment.

[Min. of Defence I.D. No. 58 (8)/87/D (Air I), dated 14.6.1989]

### Recommendations

The agreement entered into with manufacturers 'X' and 'Y' provided for buy back arrangements from the PSU to the extent of Rs. 60 crores and between £ 20 million and £ 30 million respectively. These buy back arrangements were to be effected within a period of 6 years from the dates of agreements i.e. April, 1985 and December, 1984. respectively. The underlying idea of these arrangements was to improve the economics of the project by reducing the net out-go of foreign exchange. So far, the PSU received buy back orders from five 'X' and 'Y' to the extent of Rs. 1.56 crores and Rs. 2.37 crores, respectively. The Committee are extremely unhappy over the dismal extent of operation of these arrangements. The Committee would like to know the detailed reasons due to which these arrangements could not be operated upon to the extent set out in the agreements. The Committee urge that efforts should be made to derive maximum possible benefits in the spirit of these arrangements.

[Sl. No. 13 (paragraph 55) of Appx. III to 127th Report of PAC (8th Lok Sabha)]

### Action Taken

It is clarified that the entire buy back arrangement with sellers within the specified time could not be met by PSU because the production facilities could only be established progressively. Certain orders for buy back did not materialise as explained below:—

- (a) Certain task could not be undertaken by PSU as manufacturing facilities did not exist at that point of time.
- (b) Some of the PSU's quotations were not commercially competitive.
- (c) Some of the orders could not be undertaken because of employee's strike at PSU.
- (d) Certain orders could not be finalised because of expected lead time by PSU were not acceptable to the sellers.



2. PSU is making all efforts to procure orders for buy back from manufacturers 'X' and 'Y'. Orders received so far are follows:-

- (a) 150 sets of tailplane for their ATP aircraft worth Rs. 11.38 crores.
- (b) 300 sets of Aircraft, valued at Rs. 11.44 crores are being negotiated presently.
- (c) Firm orders for spare valued at Rs. 1.00 crores since Dec. 87 have been received. Further orders at the rate of Rs. 0.3 crores is expected per year.
- (d) Firm Orders for Subassys for Rs. 0.37 crores and baggage pod valued at Rs. 0.45 crores have been received. Further orders for Subassy valued at Rs. 1.0 crores per annum anticipated for next five years.
- (e) A proposal for manufacture of baggage pod for aircraft valued at Rs. 50 lakhs has been received.
- (f) A proposal for shoulder and centreline pylons valued at Rs. 3.00 crores is under negotiations. Further orders at this rate are expected for the next four years.

It is expected that the extent of buy back of Rs. 63 crores envisaged in the licence agreement with manufacturer 'X' will more or less be met.

The buy back orders to the extent of Pound Sterling 1.34 million have already been received from manufacturer 'Y' till now. Further orders amounting to Pound Sterling 0.54 Million are expected shortly. A proposal for off-setting Pound Sterling 12.0 Million against the licence agreement for manufacture of parts specific to Adour MK-804 engines is under consideration and is expected to be finalised. (The original licence agreement of the PSU with manufacturer Y caters for Adour MK-811 engines, which power the aircraft produced by the PSU. Since 30% of the aircraft received in fly away condition are powered by Adour 804 engine an additional licence agreement is needed to sustain this direct supply fleet for their engine spares and undertaking over haul of the engine). This would bring up the total amount of orders to £ 13.88 million. The balance is expected to be made up during future orders for parts.

[Min. of Def. ID No. 58(8)/87/D (Actt.I), dated 14.6.1989]

#### **Recommendation**

The Committee take a serious view of the fact that completion of work services at base 'T' one of the two bases meant for stationing these aircraft after their induction, was badly delayed. The work services were completed as late as by 1 April 1987. The difficulties experienced as a result of this delay are non-availability of second line servicing facilities, and access to simulator for pilot training. For second line servicing the aircraft had to be sent from station 'T' to station 'S'. Obviously, this resulted in



additional flying time and avoidable fuel cost. The Committee deprecate the lack of seriousness on the part of the authorities in making the necessary facilities available in time.

[Sl. No. 15, (Para 61) of Appx. III 127th Report of PAC (8th Lok Sabha)]

#### Action Taken

It is explained that the time taken for obtaining sanction and executing works of such complexity often exceed our assessed time frame. Placed as Appendix 'A' (Annexure I) to this action taken notes please find a chronological list of events that have taken place in the processing of the case of work services prior to the Government sanction. The chronological events clearly show the movement of the case file and also the consequent delays. Considering nature and complexity of the issues to be examined before a decision could be taken, the time taken, namely a little over 3 years, to issue the approval cannot be considered to be unduly long. However, it is conceded that the time frame for decision making can be compressed to an extent by better planning and detailed advance preparation.

Air HQ have issued suitable instructions (copy placed as Appendix 'B' to Annexure II to this Action Taken Notes) to all commands/operating units on the subject of delay in getting the cases of work services processed as well as their execution in the field. This is expected to bring the desired action to prevent recurrence of delays. Examination in the Ministry of Defence will also be made expeditiously.

[Min. of Defence I.D. No. 58 (8)/87/D. (Actt.I) dated 14.6.1989]

## ANNEXURE I

### CHRONOLOGICAL SUMMARY : WORK SERVICES

- 25 Nov 80 The BOO was ordered by Air Headquarters.
- 27 Dec 80 The BOO was assembled at Gorakhpur for assessing the work services required for the induction of Jaguar Aircraft at Gorakhpur.
- 10 Feb 81 Board Proceeding received from HQ CAC, IAF.
- 04 Mar 81 The BPs are circulated to the Specialist Directorates for their scrutiny and comments.
- 20 May 81 The BPs were received, approved by AHQ.
- 29 May 81 E-in-C Branch was asked to prepare the AEs.
- 07 Dec 81 The AEs were received from E-in-C Branch.
- 22 Dec 81 The case was submitted to Min. of Def. for according Govt. sanction.
- 26 Dec 81 Min of Def / D(Air-II) submitted the case to DS (Air-I). DS (Air-I) returned the case to Air HQ requesting to clarify whether the case had the approval of CAS, availability of funds for the project, reason for splitting up of project into many Board of Officers, reason for not processing second simulator case and Air HQ's decision on second Mirage Base.
- 07 Jan 82 Dte of Jaguar Cell and Dte of Eng J were approached to clarify the observations raised by DS (Air. I).
- 13 Jan 82 Replies were received from Dte of Jaguar Cell and
- 22 Jan 82 Dte of Eng J.
- 02 Feb 82 Dte of AD were approached to intimate the KLP for Gorakhpur.
- 01 Mar 82 JD Off (Ops) JC, JD (AD) and JD Plans were also approached to intimate the KLP of Gorakhpur.
- 05 Mar 82 Reply received from JD (Ops), JC & JD Plans.
- 06 Mar 82
- 18 Mar 82 JD(AD), JD Off (Ops) JC, JD Plans were again requested to intimate the formal decision regarding the total Jaguar Sqns at Gorakhpur.



- 05 Apr 82 Reply received from JD Plans only.
- 07 Apr 82 E-in-C's Branch were asked to amend the AES. (incorporating the work services for camouflage, painting).
- 08 Apr 82 Case received back from E-in-C's Branch.
- 07 Jul 82 The case was taken up with US (Air-II) for obtaining the RM's approval.
- 27 Jul 82 The case was submitted to DS (Air-I) through this directorate by D (Air-II).
- 24 Aug 82 Case was submitted to DS (Air-I) duly indicating the availability of funds.
- 14 Sep 82 DS (Air-II) asked this Directorate to link the previous file on which the decision for changing the site from Pune to Gorakhpur was taken.
- 16 Sep 82 The file was linked and forwarded to D (Air-II).
- 29 Sep 82 The case was submitted to JS (HR) through DS (Air-I) by D (Air-II).
- 18 Oct 82 DS (Air-I) returned the case to D (Air-II) asking to link the file on which the location of Jaguar Sqns at Gorakhpur was approved by MOD.
- 23 Oct 82 Case sent to D (Air-II).
- 20 Dec 82 PM (JDMO) was asked to link the said file.
- 28 Dec 82 APM (Admin) intimated this Directorate that Govt approval was not obtained for changing the site.
- 03 Jan 83 Case was referred to D (Air-II) stating that the proposal for changing the Gorakhpur as a Second Jaguar Base had the approval of ACAS (Ops) only.
- 07 Jan 83 D (Air-II) returned the case to put up a Board proposal for taking the Govt approval for developing Gorakhpur as a Second Jaguar Base.
- 11 Jan 83 The case was sent to D (Air-II).
- 18 Feb 83 The case was received back from DS (MS&A) to confirm the availability of funds as asked by Min of Fin (Def / Air).
- 22 Mar 83 The case was taken up with DB (Air-I) we confirmed the availability of funds again.

- 31 Mar 83 D (Air-II) referred the case to MOD (Air) for their further necessary action.
- 05 Apr 83 Fin (Def / Air) asked this Directorate for linking the file on which the decision for changing the site were taken.
- 18 Apr 83 The case referred to Fin (Def / Air).
- 26 Apr 83 Fin (Def / Air) asked DS (Air. I) for their comments on the availability of funds.
- 27 Apr 83 Case received back from DS (Air-I).
- 08 Jun 83 This directorate confirmed the availability of funds.
- 17 Jun 83 DS (Air-I) submitted the case to Fin (AF / Org) after obtaining the confirmation from D Plans regarding the KLP for Gorakhpur.
- 25 Jul 83 Fin (Def / Air) again raised the queries regarding the KLP for Gorakhpur.
- 28 Jul 83 D (Air-II) replied the queries raised by Fin (Def / Air).
- 30 Aug 83 Min of Def (Fin / W-II) now raised the queries raised on the AEs and returned the case to E-in-C's Branch to take necessary action.
- 30 Sep 83 E-in-C's Branch returned the case to Def (Fin / W-II) alongwith their replies.
- 04 Oct 83 Fin (W-II) again raised the queries on the AEs.
- 11 Oct 83 E-in-C's Branch replied the queries raised by Fin (W-II).
- 27 Oct 83 Fin (W-II) submitted the case to DFA (AF).
- 18 Nov 83 Min of Fin (Def / Air) raised the queries on the availability of funds and the work services required for the project.
- 07 Dec 83 Case was returned to DS (Air-I) alongwith the replies raised by Fin (Def / Air).
- 19 Dec 83 Def (Fin / Air) again asked to indicate the year-wise expenditure contemplated for the year 1984-85 and 85-86.
- 27 Dec 83 Information was submitted to DS (Air-I).
- 29 Mar 84 Def (Fin / Air) intimated that FM's approval has been obtained and concurred the draft Govt. letter.
- 22 Mar 84 Admin Approval was issued by Min of Def / D (Air-II).
- 27 Mar 84 Funds were released by this HQ.



Appx 'B' to Sl. No. 15 Para 6/Reply

**ANNEXURE-II**

Tele: 3010231/630

Air Headquarters  
New Delhi-110011

Air HQ/37528/319/W(P&C)

15 Jun 87

HQ Western Air Command, IAF

HQ Eastern Air Command, IAF

HQ Central Air Command, IAF

(For C Wks Os)

HQ Maintenance Command, IAF

HQ Training Command, IAF

HQ South Western Air Command, IAF

HQ Southern Air Command, IAR

**PROGRESSION OF WORKS SERVICES**

1. Recently sanction/execution of our works projects has attracted adverse criticism from the PAC. Their comments in this regard are as follows:—

(a) In certain cases, after issue of sanction under Paras 10 and 11 of RWP, there has been considerable delay (15 to 18 Months) in commencement of works indicating no justification for taking recourse to sanction under such paras.

(b) Huge expenditure involving crores of rupees continue to remain unregularised for want of covering admin approvals for the above mentioned sanctions for a long time. In some cases these have been issued after a lapse of 4 to 5 years. Such delays are unjustifiable.

(c) In few cases, land was not available for execution of the project which ultimately led to considerable delay in commencement/completion of works. For example, in one case, for want of land a project was commenced 11 years after its initiation and completed 4 years thereafter. This ultimately led to considerable increase in cost. Such over-runs in time and cost could be avoided.

2. The abovementioned observations of PAC amply demonstrate lack of foresight/planning and involvement on the part of the users. As per Defence Works Procedure, recourse to sanctions under Para 10, 11 & 12 can be taken only on account of urgent operational military necessity/medical grounds or in case of imminent danger to buildings/breakdown of supply from an installation etc. However, such sanctions are to be regularised by issue of regular admin approvals based on subsequently prepared approximate estimates at the earliest opportunity. Adequate instructions on the subject already exist. However there is a need to ensure



strict implementation of the stipulated measures at every level. Accordingly, Command Hqrs are requested to re-emphasise on their stations/units for strict compliance of the laid down pre-requisites and other related stipulations while taking recourse to sanctions under these paras as given in DWP 1986. The stations/units are also to be advised as follows:—

(a) Recourse to sanction under Para 10, 11 and 12 of DWP 1986 is to be taken on a minimal selective basis, in very exceptional circumstances, that too only when laid down conditions for such sanctions are met in entirety.

(b) After issue of Para 10, 11 and 12 sanctions, regular admin approval is to be issued at the earliest opportunity. In this regard AFO 400/76 (para 91-C) refers.

(c) No admin approval is to be issued unless physical possession of land has been ensured. This HQ letter No. Air HQ/S 37528/319-W (P&C) dated 23 Feb 78 may be seen in this regard.

3. Please acknowledge.

Sd/-

(PC Thakur)

Group Captain

Deputy Director Air Force Works

Air Officer 1/6 Administration

No. 1 AFSB, Dehra Dun

No. 2 AFSB, Varanasi

No. 4 AFSB, Mysore (For similar action)

No. 17 SU, AF

AFRO, New Delhi

AF Stn, New Delhi

Copy to:—

DDW-I

DDW-II

#### Recommendation

The Committee are deeply concerned to note the lack of planning and foresight resulting in unpardonable delay in making the two simulators available. The simulators were installed in July 1984 and September 1985 whereas the direct supply aircraft started arriving from September 1980 onwards. A flight simulator finds application to varying degree in each of the three phases of training. A good deal of training exercises are practised on flight simulator which apart from improving the skill of the pilot increases pilot proficiency to handle serious/multiple emergencies by simulation. The non-availability of simulators for training purposes for such a long time apart from increasing the training cost might have to some extent impeded the trainees in attaining the desired proficiency.

[Sl. No. 16 (Para 66) of Appex II to 127th Report of PAC (8th Lok Sabha)]



### Action Taken

It is submitted that the nonavailability of the simulator was compensated to some extent by imparting additional ground training to the trainees in the form of lectures and drills on static aircraft.

Normally the simulators purchased from the aircraft manufacturer are replica of the operational aircraft and does not need to be custom built to the requirement of the purchaser. In this particular case no "off-the-shelf" simulator was available and they were specially built to the Indian Air Forces requirement, to two different standards (the first one for NAV-WASS system standard and the second to the DARIN Navattack system Standard). The contract provided for the supply of these aircraft simulators, as planned, in Jan 83 and Jun 83. However the delivery was subject to the condition that GOI provides the Navigational equipment required for integration as well as all aircraft parameters.

Though our engineer/pilot were placed at the worksite of the vendor, matching of the aircraft behaviour with parameters fed into the simulator computer required a lot of trials with software changes. This was very time consuming and led to delay in the case of first simulator. In the case of the second simulator, the DARIN equipment could be supplied to the vendor only after the achievement of IOC standard for DARIN system on 30 Jun 84, for integration with simulator, and hence the delay. DARIN system being a system under development, completion of activity could not be achieved on the specified date and the delay was expected.

However it is brought out that such a purchase with HAL supplying some components (which are under development) for future simulator is not foreseen. As such similar simulator project is not likely to be repeated.

[Min. of Defence I.D.No. 58(8)/87/D (Air I) dated 14.6.1989]

## CHAPTER III

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

#### Recommendation

Two orders were placed on the PSU for the indigenous licensed production of 50.6 per cent of 'P' number of aircraft 'A'. The first order was placed on 27 July, 1979 for the manufacture and supply of 30 per cent of 'P' number of aircraft 'A'. These aircraft were to be assembled from imported components, requisite kits from which were received between May 1981 and September, 1984. As per original schedule, supplies against this order were to be completed between 1982-83 and 1985-86. The Committee notes with dismay that even though the Government agreed in January 1981 for the import of additional sub-assemblies costing Rs. 4.4 crores to enable the PSU to adhere to the delivery schedule for 30 per cent of 'P' number of aircraft, the PSU could deliver only 19.3 per cent aircraft upto March, 1986.

[Sl. No. 5 (Paragraph 39) of Appx III to 127th Report of the PAC  
(8th Lok Sabha)]

#### Action Taken

The import of components and sub-assemblies in April 1981 amounting to Rs. 4.4 crores was not linked to anticipated slippage in delivery schedule. The purchase of these sub-assemblies were made to enable the PSU to produce the first 45 aircraft without having to create facilities for manufacturing these components and sub-assemblies, since it was not economical to do so. The reasons for achieving the figure of only 19.3% of 'P' number of aircraft against a target of 30% in indigenous production were:—

- (a) Delay by vendors in finalising the modification to airframes and engines.
- (b) Delay in finalising DARIN modification.

[Min. of Defence I.D. No. 58(8)/87/D (Air. I), dated 14-6-1989]

#### Recommendation

The Committee are unhappy to note that an unfructuous and avoidable expenditure of Rs. 7.14 lakhs had to be incurred towards storage and maintenance charges due to delay on the part of the IAF in taking delivery



of the aircraft after they were signalled out by the PSU in 1985-86 and 1986-87. This expenditure was absorbed by the PSU. The Committee are not convinced with the justification given by the Ministry about the lengthy procedure involved in taking over aircraft from PSU. The Committee believe that by proper coordination between the IAF and PSU the infructuous expenditure would have been avoided. The Committee deplore the lack of seriousness on the part of the concerned authorities.

[Sl. No. 9 (Paragraph 43) of Appx III to 127th Report of the PAC  
(8th Lok Sabha)]

#### Action Taken

PSU declares an aircraft as produced on successful completion of test flying by the production test pilot. All expenditure till then forms part of the production cost. Subsequently, the aircraft is handed over to the storage flight, which is part of the PSU, and the storage/maintenance is carried out by this flight as per the laid down schedule. The cost is separately maintained and apportioned as storage cost by them, till the aircraft is handed over to the Air Force.

The storage and maintenance cost of an aircraft normally include the following:—

- (a) Hangarage rental expenses
- (b) Cost of man-hours for periodic storage maintenance carried out
- (c) Cost of Materials utilised (Mandatory class 'A' and 'C' spares) for the maintenance
- (d) Cost of fuel, oil, lubricants (POL items) for maintenance, Ground run checks/flight tests.

Similar facilities are available both in the PSU as well as in the IAF and are required to be utilised for the storage maintenance. These facilities are not specially created/established for any particular aircraft.

Though these costs are separately apportioned as maintenance/storage cost by the PSU when the aircraft is on their charge, these are not separately maintained in the operating unit in AF when the aircraft is operating/in storage with them after taking over from PSU. However the operating unit/IAF would be spending similar amount on account of Hangarage. Man hours & Materials including POL for the storage/operation of the aircraft during the same period as would the PSU.

As brought out earlier storage and maintenance facilities are available both in the PSU and in the IAF. There would be many aircraft of different types in the storage flight at any particular time just as there would be many aircraft in the operating unit of IAF. There would be an expenditure towards the operation/storage maintenance of each aircraft held in PSU/operating unit. It is not correct to assume that IAF would not incur any expenditure while the PSU would incur expenditure towards the storage



maintenance of an aircraft. Only the IAF does not show it as a separate expenditure from production since there is no production at an IAF base whereas the PSU shows it as an additional expenditure since this activity is distinctly in addition to the production of an aircraft. The cost details for Rs. 7.14 lakhs are as follows:—

(a)	Periodical preventive maintenance checks on avionic/flight instruments/accessories	Rs. 4.41 Lakhs
(b)	Fuel cost for flight test after storage maintenance	Rs. 2.73 Lakhs
	<b>Total cost</b>	<b>Rs. 7.14</b>

Further, proper coordination between IAF and HAL has been established to reduce the time period from the date by which the aircraft produced by HAL is ready for collection by the customer to the date of collection of aircraft by IAF. Certain time is definitely required for the IAF to inspect and testify the aircraft for satisfying themselves of the condition of aircraft, as compared to the laid down parameters of aircraft of the type before it is ferried. Hence it is not correct to assume that the expenditure of Rs. 7.14 lakhs incurred on storage and maintenance is avoidable, for the reason stated above.

[Min. of Defence I.D. No. 58(8)/87/D (Air I) dated 14-6-1989]

### Recommendation

The Committee are also unhappy to note that the value of indigenous production of the aircraft, apart from the labour component is negligible till now and would remain so till the end, thoroughly keeping the country dependent on foreign supplies of either components or raw-materials for components. Achievement of self reliance has been sadly neglected in spite of enormous expenditure incurred for the project.

[Sl. No. 10 (Paragraph 44) of Appx III to 127th Report of the PAC (8th Lok Sabha)]

### Action Taken

The indigenous content in manufacture of an aircraft is decided on the basis of the cost-benefit analysis. Few countries in the world can afford to manufacture all the metallic and non-metallic raw materials and standard parts and accessories required for manufacture of an aircraft. The requirements of this nature are ensured by binding the manufacturer to provide un-interrupted product support during the life cycle of the aircraft. Further, to ensure compliance by the Sellers of their contractual obligations Memoranda of Understandings are signed with the Govts. of the Sellers' countries. It will be pertinent to note in this context that even the manufacturer of this aircraft, had to depend on out of the country's aviation industry for the successful completion of their programme. It is clarified that no country in the world would be able to manufacture 100 per cent of an advance aircraft, HAL, by vertical lategration, has



indigenised the aircraft to the maximum extent possible as indicated below by manufacturing the airframe, power plant, avionics and accessories within HAL.

	No. of items for indigenisation	
	Planned	Achieved
Aeroframe	18169	18169
Aeroengine	2081	2112
Accessories	222	222
Connectors	220	220
Avionics	13	13
	20705	20736

Note: 31 items of engine have been additionally indigenised to meet repair arisings.  
[Min. of Defence I.D. No. 58(8)/87/D(Air I), dated 14.6.1989]

### Recommendation

The Audit Paragraph reveals that the curtailment in the manufacturing programme from 73.3 per cent of 'P' number to 50.6 per cent of 'P' number of aircraft resulted in an extra financial burden of Rs.105.92 crores to be borne by the present manufacturing programme. The Committee do not agree with the Ministry that there was no extra financial burden due to the curtailment of the production programme. Total project cost for 30 per cent of 'P' number of aircraft from assembly was Rs. 883.4 crores, whereas for 50.6 per cent of 'P' number of aircraft, the project cost was Rs. 1076 crores, The very fact that the addition of Rs. 187.63 crores to the investment, could provide 20.6 per cent of 'P' number of additional aircraft, goes to unequivocally prove the contention of the Audit, for 105.92 crores of the extra burden due to the curtailment. The Defence Secretary also conceded during evidence that if they reduced the production run, there was a slight increase in the cost of production. The Committee are concerned to note that this huge additional cost aspect due to curtailment in the manufacturing programme was lost sight of at the time of taking the decision.

[Sl. No. 12 (para 51) of Appx. III to 127th Report of PAC (8th Lok Sabha)]

### Action Taken

The observation of the Committee is based on the belief that the expenditure of Rs. 342.68 crores towards establishment of facilities for indigenous production was meant for 73.3% of 'P' number of aircraft, and subsequent curtailment of production to 50.6% of 'P' number of aircraft, therefore raised the establishment cost per piece, resulting in an over expenditure of Rs. 105.92 crores ( $342.68 - 342.68 \times \frac{76}{110} = 105.92$ ) It is submitted that whenever an aircraft is bought, with permission for licence



manufacture, two kinds of expenditure have to be met. Firstly, there is a cost of permission for licence manufacture which the company charges for parting with its design-cum-production knowhow. Secondly, there is expenditure on account of establishing facilities for indigenous manufacture i.e. purchase of Tools, Jigs etc., Now if the plan is to manufacture 'X' number the cost paid for obtaining permission for licence manufacture has to be shared by these 'X' numbers. If this number increase from 'X' then the share of this cost per piece would reduce and vice-versa.

In the second part, the facilities for indigenous manufacture are also established for 'X' number of aircraft. Thus the cost paid for buying jigs, tools etc has to be again shared by the 'X' number. Should the number be more than 'X' then the share of this cost per piece reduces and vice-versa. This is exactly what the Defence Secretary implied during evidence. In this particular purchase, both, permission for Licence manufacture as well as establishment of facilities for indigenous manufacture were originally contracted for 73.3% of the 'P' number of aircraft. The licence fee for the above number of aircraft was Rs. 49.74 crs. and cost of establishing facilities for indigenous manufacture was estimated at Rs. 416.77 crores by PSU at 1980 economic condition. While these facilities were in the process of being established a decision was taken to scale down the production to 50.6% of 'P' number of aircraft. The revised estimate for 50.6% of aircraft at 1980 price level was Rs. 288.14 crores. The revised cost of the same 50.6% of 'P' number of aircraft was Rs. 342.68 crores at 1985 price levels.

[Min. of Defence I.D. No. 58(8)/87/D (Air I), dated 14-6-1989]

#### **Recommendation**

The Committee are deeply concerned to note that out of the 292 rotables identified, by the Air Headquarters as requiring repair/overhaul, facilities have so far been established in respect of 120 rotables only. Total expenditure incurred till October 1986 on repair of aircraft rotables abroad amounted to Rs. 7.85 crores. Absence of the necessary repair/overhaul facilities not only results in avoidable expenditure in the shape of outgo of precious foreign exchange but also leads to a considerable time lag in obtaining the necessary repairs. The Committee strongly urge upon the authorities to make all out efforts in establishing the entire repair/overhaul facilities, expeditiously.

[Sl. No. 17 (Paragraph 70) of Appx. III to 127th Report of PAC (8th Lok Sabha)]

#### **Action Taken**

Repair/Overhaul facilities are set up only after their technical feasibility established and cost-benefit analysis. They are not set up just because the manufacturers have recommended such facilities. IAF, initially recommended setting up of repair/overhaul facilities for 66 rotables. Another



124 rotables were cleared for setting up of repair/overhaul facilities in 1985. Repair/overhaul facilities for the remaining rotables will be recommended to PSU after appropriate cost-benefit analysis by end of December 1988. PSU has set up repair/overhaul facilities to the extent these are recommended by IAF.

[Min. of Defence I.D. No. 58(8)/87/D (Air I) dated 14-6-1989]

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

Recommendations

The selection of aircraft A was based on the recommendations of a team which consisted of aircraft A, B and C as the design generation role. According to the Ministry of Defence, aircraft A was selected on to techno-economic consideration and its own time schedule. On the other hand, the objective was to acquire a system which is optimized for design purposes. The Ministry of Defence has, however, concluded that the design concept of all the three aircraft before evaluation was of the same. From the study of all the facts given before the Committee the Committee have an impression that the selection of aircraft A was not well considered. There appears to be considerable evidence that Government was aware of the technological obsolescence of aircraft A at the time of making the selection. For instance, the Financial Advisor, Defence Services had pointed out in October 1977 that technological obsolescence would not constitute a ground for purchasing defence equipment of essentially selected aircraft. This conclusion of the Committee is further borne out by the facts discussed in the succeeding paragraphs.

2. The Committee feel that even between aircraft A and B in which the choice was confined, the latter with a multi-role capability would definitely have been a better choice at that time. Apart from fulfilling the requirement of deep penetration, it could also perform the combat role. Secondly, there was also an offer for the transfer of technology of aircraft B (a real multi-role aircraft) in case it was agreed to purchase aircraft A. In fact, the first prototype of aircraft B had flown in March 1978. It is very fact that all the three aircraft initially evaluated were going to be replaced by a new generation of aircraft in their respective countries. It should have abundantly cautioned the authorities to exercise utmost prudence in the matter of selection in the opinion of the Committee. Such prudence in the selection of the aircraft in the then prevailing circumstances was sensibly lacking. The first Air Staff Memorandum was prepared in 1973 for the supply agreement was concluded in April 1979. Keeping in view the fact that the technology change in the area of defence equipment is rapid, the Committee are convinced that the position should have been thoroughly reviewed having regard to the changes already made.

## CHAPTER IV

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

#### Recommendations

The selection of aircraft 'A' was based on the recommendations of a team which evaluated three aircraft 'A', 'B' and 'C' for the deep penetration role. According to the Ministry of Defence, aircraft 'A' was selected due to techno-economic consideration and favourable time schedule. On the other hand, the objective was to acquire a system which is optimised for deep penetration role. The Ministry of Defence have, however, conceded that the design concept of all the 3 aircraft which were evaluated was of the sixties. From the study of all the facts placed before the Committee the Committee have an inescapable impression that the selection of aircraft 'A' was not well considered. There appears to be considerable evidence that Government was aware of the technological obsolescence of aircraft 'A' at the time of making the selection. For instance, the Financial Adviser, Defence Services had pointed out in October 1977 itself that technological obsolescence should not constitute a ground for curtailing domestic production of eventually selected aircraft. This conclusion of the Committee is further borne out by the facts discussed in the succeeding paragraphs.

2. The Committee feel that even between aircraft 'A' and 'B' to which the choice was confined, the latter with a multi-role capability would definitely have been a better choice at that time. Apart from fulfilling the requirement of deep penetration, it could also perform the combat role. Secondly, there was also an offer for the transfer of technology of aircraft 'L' (a real multi-role aircraft) in case it was agreed to purchase aircraft 'B'. In fact, the first proto-type of aircraft 'L' had flown in March 1978. The very fact that all the three aircraft initially evaluated were going to be replaced by a new generation of aircraft in their respective countries should have abundantly cautioned the authorities to exercise utmost prudence in the matter of selection. In the opinion of the Committee, such prudence in the selection of the aircraft in the then prevailing circumstances was conspicuously lacking. The draft Air Staff Requirement was prepared in 1973 but the supply agreement was concluded in April 1979. Keeping in view the fact that the technology change in the area of defence equipment is rapid, the Committee are convinced that the position should have been thoroughly reviewed having regard to the changes already made



in the proto-types flown and predicted before approval in 1978. Such a thorough review was all the more necessary keeping in view the huge investment of about Rs. 1500 crores involved in the project more particularly when the aircraft was to serve the needs of the country during the next 25 years. Further when the approval of the proposal could wait from 1971 to 1979 the authorities could have as well waited for 3 years. Had it been done, the huge expenditure incurred on aircraft 'A' would have been utilised in a much better way by the selection of a multi-role aircraft like 'L' which the country ultimately had to go in for. The Committee strongly deprecates the lack of serious and purposive approach on the part of the concerned agencies in the matter of selection of the aircraft. The Committee recommends that the Government should be extremely judicious in the matter of selection of defence equipment and keep in view not only the existing but also consider the development of technology in the field, so that the ultimate choice made is the very best for ensuring that the defence forces are kept effectively equipped all the time.

[Sl. Nos. 2 & 3 (Paragraphs 21 & 22) of Appendix III to 127th Report of the PAC (8th L.S.)]

#### **Action Taken**

The assumption by the Committee that there was lack of purposive approach in the matter of selection of the aircraft is not correct. Aircraft "L" was purchased basically for air-defence capabilities. Its utility for deep penetration role was an additional attraction. Deficiencies in deep penetration aircraft were expected to arise in the authorised squadron force from 1980. It would not have been operationally advisable to put up with this deficiency till sufficient quantity of aircraft "L" became available. Further, as these aircraft were also to be inducted in squadron service in the country of its origin, adequate number of Aircraft "L" would not have become available to meet the deficiencies of DPSA aircraft till late 80s. It is pertinent to note in this context that there is no question of aircraft "A" becoming obsolescent before the completion of its normal life cycle. Govt. are, therefore, unable to accept the implied criticism of PAC that the Govt. was injudicious in the matter of selection of Aircraft 'A'.

[Min. of Defence I.D. No. 58(8)/87/D (Air-I) dated 14.6.1989]

## CHAPTER V

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

#### Recommendation

The Committee take a serious note of the fact that due to delay in the fitment of radar F, the training facilities provided for in the supply agreement with manufacturer 'X' could not be fully availed of. Consequently an additional expenditure of Rs. 11.23 lakhs has to be incurred subsequently towards maintenance training on the radar imparted to the IAF personnel by firm Z. The Committee also recommend that the question of obtaining compensation from manufacturer 'X' for fulfilling only a part of their responsibility for fitment of radar, should be pursued vigorously.

[Sl. No. 14 (paragraph 58) of Appx III to 127th Report....of PAC(8th Lok Sabha)]

#### Action Taken

It is submitted that the decision to shift fitment of Radar F from Direct Supply aircraft to indigenous aircraft led to postponement of training of personnel on this radar to the later date. As explained during the examination of PAC, it would not have been prudent to train the personnel 3 to 4 years ahead of the commencement of work on the radar.

2. MOD is in touch with manufacturer 'X' for obtaining compensation for the work done by the Indian agencies. Couple of meetings have already been held and further meetings are planned.

[Min. of Def. ID No. 58(8)/87/D(AIR) dated 14.6.1989]

NEW DELHI ;  
August 10, 1990  
Sravana 19, 1912(S)

SONTOSH MOHAN DEV  
Chairman,  
Public Accounts Committee.



**APPENDIX I**  
(Vide Para 1.2)

*Statement showing classification of action taken notes received from  
Government*

- (i) Recommendations and observations which have been accepted by Government:

Sl. Nos. 1, 4, 6, 7, 8, 11, 13, 15 and 16

- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government:

Sl. Nos. 5, 9, 10, 12 and 17

- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration:

Sl. Nos. 2 and 3

- (iv) Recommendations and observations in respect of which Government have furnished interim replies:

Sl. No. 14

**APPENDIX II**  
**Conclusions and Recommendations**

Sl. No.	Para No.	Ministry concerned	Conclusion/Recommendations
1	2	3	4
1	1.3	Defence	The Committee hope that final reply to the recommendation in respect of which only interim reply has so far been furnished will be expeditiously submitted after getting it duly vetted by audit.
2	1.9	Defence	Commenting upon the selection aspect, the Committee had observed in their earlier Report that the selection of aircraft 'A' was not well considered. The Committee had felt that between aircraft 'A' and 'B' to which the choice was confined, the latter with a multi-role capability would definitely have been a better choice at that time. Secondly, there was also an offer for the transfer of technology of aircraft 'L' (a real multi-role aircraft) in case it was agreed to purchase aircraft 'B'. According to the Government, selection of aircraft 'A' had to be made due to the fact that deficiencies in deep penetration aircraft were expected to arise in the authorised squadron force from 1980 and it would not have been operationally advisable to put up with the deficiency till sufficient quantity of aircraft 'L' became available. The Committee are not fully convinced with these arguments. The first proto-type of aircraft 'L' (a real multi-role aircraft) had flown in March 1978 but the acquisition of 'P' number of aircraft 'A' was approved in October, 1978. Further the agreement for supply of aircraft 'A' was concluded subsequently in April, 1979. Keeping in view the huge investment involved in the project and also when the aircraft was to serve the needs of the country during the next 25 years, the Committee feel that when the approval of the proposal could wait from 1971 to 1979, the authorities could have as well waited for some more time. As



Sl. Para Ministry No. No. concerned			Conclusion/Recommendations
1	2	3	4
			<p>regards the contention that the deficiencies in deep penetration aircraft were expected to arise in the authorised squadron force from 1980, the Committee are of the view that pressing requirements of the Air Force, if any, at that time could at best be met by importing a few aircraft of that type. The Committee are fully convinced that had a thorough review been done at the time of according approval and again at the time of placement of the supply order, the huge expenditure incurred on aircraft 'A' would have been utilised in a much better way by selection of a multi-role aircraft like 'L' which ultimately the country had to go in for. The Committee therefore, reiterate their earlier recommendation that the Government should be extremely judicious in the matter of selection of defence equipment so that the ultimate choice made is the very best for ensuring that the defence forces are kept effectively equipped all the time.</p>

SECRETARY

Shri G. S. Basra - Deputy Secretary

MEMBERSHIP OF AUDIT

1. Shri R. Parashar	—	Dr. CAG
2. Shri S. Soudastan	—	Asst. CAG
3. Shri S. B. Kishan	—	Dr. Director (Report)
4. Shri T. Sathyanarayan	—	Dr. Director (Director Taxes)
5. Shri K. Krishan	—	Dr. Director (Director Taxes)
6. Shri K. Jayaraman	—	Dr. Director (Rtg)
7. Shri A. K. Menon	—	Director General of Audit
8. Shri Bhatnagar Rai	—	Director General of Audit
9. Shri R. P. Singh	—	Director (Report) Office of DGA DS New Delhi

2. The Committee considered the following draft Reports and adopted

## PART II

### MINUTES OF THE 5TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 31ST JULY, 1990 IN COMMITTEE ROOM NO. 50, PARLIAMENT HOUSE

The Committee sat from 15.00 hrs. to 17.30 hrs.

#### PRESENT

Shri Sontosh Mohan Dev — *Chairman*

#### MEMBERS

2. Shri G.M. Banatwalla
3. Shri Nirmal Kanti Chatterjee
4. Shri P. Chidambaram
5. Shri Mallikarjun
6. Prof. Gopalrao Mayekar
7. Shri Kailash Meghwal
8. Shri Shantilal Purushottamdas Patel
9. Shri Janardhana Poojary
10. Shri Amar Roypradhan
11. Shri T.R. Balu
12. Shri H. Hanumanthappa
13. Shri Sunil Basu Ray
14. Shri Vishvjit P. Singh
15. Shri Rameshwar Thakur

#### SECRETARIAT

Shri G.S. Bhasin — *Deputy Secretary*

#### REPRESENTATIVES OF AUDIT

1. Shri R. Parameshwar — Dy. CAG
2. Shri S. Sounderrajan — Addl. Dy. CAG
3. Shri S.B. Krishnan — Pr. Director (Report).
4. Shri T. Sethumadhawan — Pr. Director (Director Taxes)
5. Shri K. Krishnan — Director (Director Taxes)
6. Shri K. Jayraman — Dy. Director (Rlys)
7. Shri A.K. Menon — Director General of Audit,  
Defence Services
8. Shri Baldev Rai — Pr. Director of Audit,  
Air Force & Navy
9. Shri R.P. Singh — Director (Report) Office  
of DGA DS New Delhi.

2. The Committee considered the following draft Reports and adopted



the same subject to certain modifications and amendments as indicated in  
\* Annexures

- |       |  |    |    |
|-------|--|----|----|
| (i)   | xx   | xx | xx |
| (ii)  | xx   | xx | xx |
| (iii) | xx   | xx | xx |
| @(iv) | Draft Report on action taken on 127th Report of PAC(8th LS)<br>regarding Induction of an aircraft in the Indian Air Force. |    |    |

3. The Committee, then took up consideration of draft Report on action taken on 144th Report on PAC(8th LS) regarding Defective Ammunition. After some discussion the Committee decided that further information may be called for from the Ministry in respect of the recommendations at Sl. No. 1 and 6, on receipt on which the draft report may be suitably modified, if necessary.

4. With regard to the draft Reports adopted by the Committee as per para No. 2 above, the Committee authorised the Chairman to finalise these draft Reports in the light of verbal changes arising out of factual verification by the audit and present the same to the House.

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|----|----|----|----|
| 5. | xx | xx | xx |
| 6. | xx | xx | xx |

The Committee then adjourned.

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\*Annexures not appended.

@ Adopted without any modification.

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA  
SECRETARIAT PUBLICATIONS

Sl. No.	Name of Agent	Sl. No.	Name of Agent
<b>ANDHRA PRADESH</b>		<b>UTTAR PRADESH</b>	
1.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500 361.	12.	Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.
<b>BIHAR</b>		<b>WEST BENGAL</b>	
2.	M/s. Crown Book Depot., Upper Bazar, Ranchi (Bihar).	13.	M/s. Madimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1.
<b>GUJARAT</b>		<b>DELHI</b>	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T. No. 79065)	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T. No. 351663 & 350806)
<b>MADHYA PRADESH</b>		15.	M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006 (T. No. 2915064 & 230936).
4.	Modern Book House, Shiv Vilas Place, Indore City. (T. No. 35289).	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001. (T. No. 3315308 & 45896)
<b>MAHARASHTRA</b>		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T. No. 7112309).
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.	18.	M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar; Old Double Storey, New Delhi-110 024. (T. No. 6412362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, 'Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110 001. (T. No. 344448, 322705, 344478 & 344508).
9.	M & J Services, Publishers, Rep- resentative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele Road Nalgaum, Dadar, Bombay-400 014.	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Services India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.	23.	M/s. Books India Corporation Pub- lishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T. No. 269631 & 714465).
<b>TAMIL NADU</b>		24.	M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110 002.
11.	M/s. M. M. Subscription Agencies, 14th Murali Street (1st Floor), Mahalingapuram, Nungambakkam, Madras-600 034. (T. No. 476558)		