

**HUNDRED AND THIRD REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1986-87)**

(EIGHTH LOK SABHA)

**DELAY IN SETTING UP OF REPAIR/OVERHAUL  
FACILITIES FOR A CERTAIN HELICOPTER**

**MINISTRY OF DEFENCE**

[Action taken on 24th Report (8th Lok Sabha)]



*Presented to Lok Sabha on 30-4-1987*

*Laid in Rajya Sabha on 30-4-1987*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1987/Vaisakha, 1909 (Saka)*

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PUBLIC ACCOUNTS COMMITTEE  
(1986-87)

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2. Shri S. M. Mehta—*Senior Financial Committee Officer*

## INTRODUCTION

1. the Chairman of Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and third Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 24th Report (Eighth Lok Sabha) relating to delay in setting up of repair/ overhaul facilities for a certain helicopter.

2. In their 24th Report, the Committee had pointed out that there was considerable delay in completing the evaluation of the requisite information on the cost details etc. of the project relating to the setting up of repair facilities for a certain helicopter. The Ministry of Defence in their action taken reply stated that the dialogue with the manufacturers, started after six months of the initiation of the case, was almost simultaneous. The copies of relevant correspondence are, however, stated to be not available. The Committee have not found this an adequate justification for completing the evaluation of requisite information in three years. The Committee have also expressed concern that the important relevant correspondence had not been properly maintained.

3. In their earlier Report, the Committee had suggested that Government should lay down proper guidelines for posting of specially trained officers. In their action taken note, the Ministry of Defence stated that the other need of the service as well as those of officer may sometime prevent the posting of such officers to appointment where the training would be directly useful. This being a question of profitably utilising the expenditure incurred on training, the Committee have expressed the hope that Government would lay down proper guidelines for posting of specially trained officers.

4. The Committee considered and adopted this Report at their sitting held on 24th April, 1987. Minutes of sitting form Part II of the Report.

(vi)

5. For facility of reference and convenience, the recommendations and observations of the Committee have also been reproduced in a consolidated form in the Appendix 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 & Auditor General of India.

NEW DELHI;  
28 April, 1987  

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8, Vaisakha, 1909 (Saka)

E. AYYAPU REDDY,  
*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 24th Report (8th Lok Sabha) on paragraph 52 of the Report of the Comptroller and Auditor General of India for the year 1982-83, Union Government (Defence Services) relating to delay in setting up of repair/overhaul facilities for a certain helicopter.

1.2 The Committee's 24th Report (8th Lok Sabha) was presented to Lok Sabha on 20 December, 1985. It contains 12 recommendations/observations. Action taken notes on all these recommendations/observations have been received from the Ministry of Defence. The recommendations have been broadly categorised as follows:

- (i) Recommendations and observations which have been accepted by Government:  
Sl. Nos. 4, 5, 9 and 10.
- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government:  
Sl. Nos. 1, 2, 6, 7, 8 and 11.
- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration:  
Sl. Nos. 3 and 12.
- (iv) Recommendations and observations in respect of which Government have furnished interim replies:

— NIL —

1.3 The Committee will now deal with action taken on some of their recommendations/observations.

*Delay in evaluation of the requisite information (Sl. No. 3—paragraph 1.53).*

Commenting upon the considerable delay in evaluation of the requisite information on the cost details etc., the Committee in para 1.53 of their 24th Report had observed as follows:

“The Ministry of Finance (Defence) took as much as 6 months from July, 1972 to January, 1973 to agree to the proposal in principle subject to the Naval Headquarters furnishing the cost details of jigs, tools, repair documentation, training of personnel abroad, spread of expenditure, etc. for further examination. It is disquieting to note that the Naval Headquarters took abnormally long period of three years to finalise the requisite information as the necessary evaluation was completed by the end of 1976 for most of the components and the consolidated information was prepared in the form of an Indian Naval Publication. Based on this evaluation, the Naval Headquarters had submitted in August 1976, a revised estimate of Rs. 117 lakhs (foreign exchange Rs. 92 lakhs). The Committee are not convinced with the justification for this delay advanced by the Ministry of Defence that ‘this required dialogue with the manufacturers (approximately 300 numbers) and identification of jigs, tools, spares, consumables material approximately 20,000 to 30,000 in number and obtaining circuit diagrams, recommended scales of spares, documentation etc.’ The Committee consider that simultaneous negotiations with the manufacturers, whatever be their number and evaluation of the requisite information should not have taken such a considerable long period of three years.”

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

“The case was initiated by NHQ in July\*, 1972 and Ministry of Finance had requested NHQ in January 1973 to obtain and add to the file the actual list of tools and equipment required etc. with item-wise cost indicated. NHQ had initiated immediate action to obtain the information from the manufacturers. Thus it will be seen that the dialogue with the manufacturers started after six\* months from the initiation of the case itself which is almost simultaneous and thus no time was lost in starting the dialogue

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\*as amended by Audit.

with the manufacturers. Unfortunately copies of all correspondence in this regard are not available."

**1.5 In para 153 of their 24th Report (8th Lok Sabha), the Public Accounts Committee had pointed out that the evaluation of the requisite information on the cost details of jigs, tool, repair documentation, training of personnel abroad, spread of expenditure etc. should not have taken a long period of three years. The Ministry in their reply have stated "the dialogue with the manufacturers started after six months from the initiation of the case itself which is almost simultaneous and thus no time was lost in starting the dialogue with the manufacturers. Unfortunately copies of all correspondence in this regard are not available" The Committee do not find adequate justification that completing the evaluation of the requisite information should have taken as long as a period of 3 years. The fact that the important relevant correspondence has not been properly maintained and thus is not available with the Ministry is a matter of serious concern. At this stage the Committee can only express the hope that the Government would have taken suitable lessons from this experience and better care would be exercised in future in cases of this nature.**

*Posting of trained officers (Sl. No. 12, para 1.62)*

1.6 Commenting upon the transfer of 5 Naval Officers who were sent abroad for obtaining practical training and knowledge of the repair/overhaul facilities for the helicopter in question, the Committee in paragraph 1.62 of their 24th Report had observed as follows:

"The Committee note that 5 Naval Officers were sent abroad for obtaining practical training and knowledge of the repair/overhaul facilities for the helicopter in question. Strangely enough, 4 of these officers were transferred from the Naval Aircraft Repair Organisation even before the sanction to the project was accorded in November, 1979. Even the fifth officer was also transferred in 1980. The Committee conclude that the specialised training given to the five officers has not achieved the purpose for which it was intended. The Committee deplore this attitude of the Government and suggest that Government should lay down proper guidelines in the matter so as to ensure that the postings of such officers on completion of their training are invariably made by keeping in view

their usefulness for the project for which training was arranged.”

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

“It has always been the practice to post officers who have received specialised training to appointment where this training would be directly useful. However other need of the service as well as those of the officer may sometime prevent this from being fully achieved.”

1.8 The Committee are not satisfied with the explanation that other need of the service, as well as those of the officer, may sometime prevent the posting of the specially trained officers to appointment where the training would be directly useful. While the Committee have made a specific suggestion for laying down of proper guidelines for posting of such officers, the reply of the Ministry is evasive on this point. The Committee would like to have the explanation as to why the Naval Officers who were sent abroad for specialised training and knowledge of repair/overhaul facilities for the helicopter in question were transferred from Naval Aircraft Repair Organisation even before the sanction of the project was accorded. The Committee hope that the Government will lay down proper guidelines for posting of specially trained officers so that the expenditure incurred on training may be profitably utilised.

## **CHAPTER II**

### **RECOMMENDATIONS|OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation**

It is surprising to note that sanctioning of the Project was further delayed as according to the Audit paragraph the Ministry of Finance (Defence) demanded in January, 1977, systemwise estimates for all the major systems of the helicopters. The Naval Headquarters submitted in July 1977, a revised proposal for Rs. 154.50 lakhs (Rs. 134.57 lakhs in foreign exchange) indicating systemwise estimated cost. However, according to the Defence Secretary "From the very beginning the charter given to the Naval Headquarters was that they would give us a costed list of tools and equipment, a cost list of documentation and the details of training etc. they would require." It is unfortunate that the matter was further delayed due to non-furnishing of the requisite information. The Committee emphasize that all requirements and details should in future be settled in the beginning itself by mutual consultation which would obviously obviate the chances of any unnecessary delay like the one occurred in the present case.

[S. No. 4 of Appendix (Para 1.54) of 24th Report of PAC 1985-86  
(Eighth Lok Sabha)]

#### **Action Taken**

As stated by the Defence Secretary during the PAC hearing, Ministry have streamlined the procedure to cut short the delay in the execution of the important projects. VCNS Memo 12/86 dated 18.6.86 issued by NHQ stressing the need to avoid delays in the implementation of projects is placed at Annexure 'A'.

As a rule, JS(Navy) reviews the pending important proposals|schemes every week with the representatives of the NHQ and Defence Finance. Defence Secretary also maintains a list of all important proposals/schemes, and follows these up. The implementation and

progress of some important projects is personally reviewed by the Defence Secretary every month. Steering Committees have also been set up in some important projects under the chairmanship of Addl. Secretary (Def.)/Joint Secretary (Navy) to monitor the progress of these projects. There is a weekly review meeting chaired by RRM (A) and any major issues which are not making speedy progress are discussed and necessary directions for the expeditious implementation are issued by him. Every effort is being made to identify, follow up and monitor the major projects of the Indian Navy.

[Min./Deptt. of Defence O.M. No. 2(2)86/D(N-I) Dated 30-9-1986]

### ANNEXURE 'A'

Telephone

VCNS/101/86

18 June 86

VCNS MEMO 12/86

#### *Delays in Implementation of Projects*

1. The Public Accounts Committee of the Parliament has passed strictures against the Ministry of Defence and Naval Headquarters for the manner in which the case for setting up repair/overhaul facilities for a particular equipment was handled.

2. The various shortfalls/drawbacks brought out by the Public Accounts Committee are dealt with in the succeeding paragraphs.

3. *Lack of Coordination*: It was observed that there was lack of coordination between the Ministry of Defence and NHQ in various matters. Even in the simple matter of filling up of Revised EFC Memo Proforma, a great deal of time was taken up. This could easily have been avoided if the various agencies involved in this case had taken timely and coordinate action.

4. *Delays in Obtaining Costs of Equipment*: During the examination of the proposal, the Ministry of Defence desired to know the detailed cost of various items of equipment, spare and other material required for setting up the project. Since these items were to be supplied by different vendors and also the number of items was very large, NHQ took very long in obtaining these quotations and finalising the costs after discussions with the suppliers. The Public Accounts Committee have observed that this not only led to considerable delay in the setting up of the project but also to increased costs.

The Committee considers that simultaneous negotiations with the suppliers/manufacturers and the evaluation of the requisite information would have saved a lot of time and reduced cost over-runs. Further, the Committee has emphasised that all requirements and details should in future be settled in the beginning itself through mutual consultations between the agencies involved in the examination of the proposal.

5. *Delays in furnishing Information:* The Committee have pointed out that although NHQ realised that it would take long to assess the information regarding costs, they did not inform the Ministry of Defence of this fact. The Committee considers that this matter should have been addressed at a higher level in both Ministry of Defence and Naval Headquarters so that the delay was restricted to the minimum.

6. *Items Sent abroad for Repairs:* Due to the fact that the repair/overhaul facilities were not set up in time the components had to be sent abroad for repairs/overhaul and the Government of India had to incur a great deal of expenditure, which could have been avoided.

7. *Manning of the Facilities:* The Committee observed that out of the five officers trained for manning these facilities, four were transferred out even before the creation of the facilities was sanctioned.

8. It will be appreciated by all concerned that a case such as this one should have been handled with more attention and alacrity. It is requested that remedial measures, to avoid recurrence of this nature, be instituted and emphasised on all sponsoring directorates.

PSOs

*Sd/-*

*Vice Admiral*

*Vice Chief of the Naval Staff*

Copy to:—

APSOs

Directors

### **Recommendation**

The Committee are deeply concerned to note that even though as required by the Ministry of Finance (Defence), Naval Headquarters worked out and furnished to them the total cost of 14 systems in August 1977, the sanctioning of the project was further delayed by more than 2 years till November, 1979. According to the Ministry of Defence, this delay is on account of two reasons. First, the Expenditure Finance Committee Memorandum could not be finalised as the Ministry of Finance (Defence) had sought a number of clarifications thereon. The draft EFC Memorandum had undergone many changes in the light of these clarifications and the revised Memorandum was ultimately approved by Defence Secretary in September, 1978. In justification of this delay, the Defence Secretary stated during evidence "Meanwhile in the year 1976, the Expenditure Finance Committee modified their format. Now it takes a little time for everybody to realise that the format has been changed." The Committee are unable to accept this argument and on the contrary the Committee find that by timely action and co-ordination between the different authorities this delay could very well have been obviated.

[S. No. 5 of Appendix (Para 1.55) of 24th Report of  
PAC 1985-86 (Eighth Lok Sabha)]

### **Action Taken**

As stated by the Defence Secretary during the PAC hearing, Ministry have streamlined the procedure to cut short the delays in the execution of the important projects. As a rule, JS(Navy) reviews the pending important proposals/schemes every week with the representatives of the NHQ and Defence Finance. Defence Secretary also maintain a list of all important proposals/schemes, and follows these up. The implementation and progress of some important projects is personally reviewed by the Defence Secretary every month. Steering Committee have also been set up in some important projects is personally reviewed by the Defence Secretary (Def)|Joint Secretary (Navy) to monitor the progress of these projects. There is a weekly review meeting chaired by RRM(A) and any major issues which are not making speedy progress are discussed and necessary directions for the expeditious implementation are issued by him. Every effort is being made to identify, follow up and monitor the major projects of the Indian Navy.

[Min. Deptt. of Defence O.M. No. 2(2)|86|D(N-I)  
Dated 30-9-1986.]

### **Recommendation**

The facts narrated above make it abundantly clear that there was complete lack of planning and concerted and purposive approach both on the part of the Naval HQrs and the Ministry of Defence, in the implementation of this important project. There was also an utter lack of co-ordination between the Naval HQrs and the Ministry of Defence. The life of the helicopters inducted in 1971 is about 20 years. It is a matter of serious concern that although the helicopters have already outlived about 3/4 of their useful life span, the facilities for indigenously repairing them have not been completed thus far. The Committee find that the very purpose of creating these indigenous repair facilities with an outlay of about Rs. 1 crore has been largely defeated. Such an inordinate delay in the important project particularly pertaining to the defence of the country is inexcusable. While the Committee appreciate that the Ministry have not attempted to defend the indefensible, they regret that the Ministry have not indicated clearly what steps they propose to take so that particularly in a Ministry of Defence entrusted with the security of the country delays of such a magnitude can never occur and if for good reasons delays cannot be avoided they are kept down to the absolute minimum. The Committee suggest that Ministry should establish forthwith a machinery and the procedure which would ensure that the continuous watch is kept on the progress of all projects under execution with a view to preventing the occurrence of delay. The Committee further desire that the expenditure so far incurred on this project will not go waste with phasing out of the helicopters. The project with some suitable and necessary modifications must be utilised for serving the corps of helicopters in use in Indian Navy from time to time.

[S. No. 9 of Appendix (Para 1.59) of 24th Report of PAC  
1985-86 (Eighth Lok Sabha)]

### **Action Taken**

This has already been implemented as explained against recommendations 1.54.

2. It is relevant to mention that Navy at the moment has no plans to phase out the existing Seaking Helicopters. These in fact are likely to be utilised for a further period of 10 to 15 years. Since the Navy has already taken care not to establish facilities on the systems likely to be rendered obsolete except the barest minimum required to carry out essential repairs, the facilities set up under this project will be utilised for as long as these helicop-

ters are in service i.e. upto next 10 to 15 years. Even after phasing out of these helicopters, certain amount of infrastructure would be useful even beyond that period.

[Min. Deptt. of Defence O.M. No. 2(2) |86|D(N-I)  
Dated 30-9-1986.]

### **Recommendation**

Further, according to the Ministry of Defence, it was never brought to their notice either in 1973 or 1974 by the Naval Headquarters that they were likely to take considerably longer time to finalise the information required from them by the Ministry of Finance (Defence). The Committee recommend that such important matters should not be relegated to routine correspondence but should be thrashed out in a dynamic manner at the top level. The Committee also stress that such difficulties should be sorted out even on phone and approval and ratification of the said decisions can be obtained by subsequent correspondence. Procedure with regard to the movement of files relating to such important projects should also be reviewed and suitably modified with a view to eliminate any causes for delay in the matter of taking decisions at any level. It is a different matter if it is a question of stores or reserves but for equipment which is of day-to-day use in defence forces, the procedure must be speedy and effective. The Committee also urge that whenever any item is purchased from abroad all matters relating to relevant technical know-how, the requisite repair and spares, the training of personnel to handle it, should be finalised as far as possible initially and simulteneously as one package.

[S. No. 10 of Appendix (Para 1.60) of 24th Report of PAC  
1985-86 (Eighth Lok Sabha)]

### **Action Taken**

As explained in the answer to the recommendation at 1.54 the procedure has been considerably streamlined to accord sanction for important projects and also review the progress made by periodic meetings held by Ministry of Defence at top level. Every effort is, therefore, being made to cut the delay to the least.

2. Every effort is being made to include all aspects like spares, training of personnel, maintenance etc. during initial stages even though it may not always be possible for manufacturers to provide all the requisite data on the repair/overhaul aspects in the case of newly designed and developed equipment.

[Min. Deptt. of Defence O.M. No. 2(2) |86|D(N-I)  
Dated 30-9-1986]

## **CHAPTER III**

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

#### **Recommendation**

The Committee note that in July, 1972 Naval Headquarter had submitted a proposal for Rs. 80 lakhs (Rs. 60 lakhs in foreign exchange) for the setting up of repair/overhaul facilities for the airframe of a certain helicopter, which was imported from and inducted in the Indian Navy in the year 1971. The repair facilities were to be established at a Naval repair establishment on the ground that the helicopter had no commonality with the other helicopters being operated by the Air Force or manufactured by Hindustan Aeronautics Limited a public sector undertaking and no repair facilities existed with either of these agencies. According to the Ministry of Defence, as the helicopter was inducted simultaneously in the Indian Navy and the Navy of the country from where it was imported immediately after its design and development, no decision was taken on creating the indigenous repair/overhaul facilities at the time when it was decided to purchase these helicopters in 1969-70.

[S. No. 1 of Appendix (Para 1.51) of 24th Report of PAC  
1985-86 (Eighth Lok Sabha)]

#### **Action Taken**

While effort is made always by Ministry of Defence/Naval Headquarters to include all aspects of repair/overhaul during initial negotiations of new acquisitions it may not be possible for the manufacturers to provide the requisite data in case of newly designed and developed helicopter/aircraft and hence the decision to set up repair/overhaul facilities may have to be deferred till such data is available.

[Min. Deptt. of Defence O.M. No. 2(2) 86/D(NI)  
Dated 30-9-1986.]

### Recommendation

According to the Defence Secretary, the three basic reasons for mooting the proposal of indigenous setting up of these repair facilities were security, self reliance and economy, in other words to save the lead time for items sent abroad, to save the repair cost and the cost on transportation. The Defence Secretary also informed the Committee during evidence that the primary reason for giving *ad hoc* estimates of Rs. 80 lakhs in July 1972 was "because the Navy wanted that we should have the facility of repairing it within the country as quickly as possible." The Committee are deeply disturbed to note that in spite of the initial urgency expressed by the Navy for the setting up of repair facilities for helicopters for reasons of security, saving of lead time, self reliance and economy, action for initiating the implementation of the Project could not be taken till as late as November 1979, when the Government sanction for it was accorded. The reasons for this inordinate delay and other important related matters are discussed in the succeeding paragraphs.

[S. No. 2 of Appendix (Para 1.52) of 24th Report of PAC  
1985-86 (Eighth Lok Sabha)]

### Action Taken

This paragraph covers the present case in general and the various aspects related to the delay and the actions taken to avoid such delay are covered in the succeeding paragraphs.

[Min. Deptt. of Defence O.M. No. 2(2) |86|D(N-I)  
Dated 30-9-1986.]

### Recommendation

Yet another reason for delay between August, 1977 and November, 1979 was that in November, 1978, Ministry of Finance (Defence) insisted on formal confirmation from Department of Defence Production that duplication of facilities in the country would be less if the project was entrusted to Navy. The Department of Defence Production had confirmed only in June 1979, the inability of HAL to undertake this job. The Committee are astonished to note as to why specific information with regard to the existence or otherwise of the requisite repair facilities in HAL was not initially obtained from the Department of Defence Production/HAL. The Committee are not able to accept the explanation advanced by the Ministry of Defence that Naval Headquarters were

already aware of the facilities available with IAF and HAL as instruments and engines of Naval Aircraft/helicopters were off loaded to IAF for repair/overhaul. Explaining the reasons for seeking this clarification again from the Department of Defence Production and HAL as late as 1979, the Defence Secretary informed the Committee in evidence: "The reason basically was that the earlier enquiry was made in the year 1971-72. It was not clear from the files if this was really pursued." The Committee take a very serious view on this lapse and recommend that the matter may be enquired as to how the enquiry once initiated was not pursued subsequently. The outcome of this enquiry should be intimated to the Committee within six months.

[S. No. 6 of Appendix (Para 1.56) of 24th Report of PAC 1985-86  
(Eighth Lok Sabha)]

#### **Action Taken**

The question whether HAL or IAF could take up the overhaul/repair of Seaking helicopters of Navy was raised by the Ministry of Defence and Ministry of Finance in 1972. Naval Headquarters, however, proposed the setting up of the overhaul/repair facilities at Naval Aircraft Yard, Cochin on the following grounds:—

- (a) Seaking being one of the most sophisticated helicopters in the world had no commonality whatsoever with any of the helicopters operated by the Indian Air Force or manufactured by HAL.
- (b) The expertise and know-how of Seaking was available only with the Navy.
- (c) Certain amount of test equipment and spares were common for maintenance and repair/overhaul.
- (d) The infrastructure that otherwise existed at Naval Aircraft Yard for the other types of aircrafts operated by the Navy could to a certain extent be useful also for the Seaking repair/overhaul facilities.
- (e) HAL had always asked the Indian Navy to supply capital expenditure and foreign exchange for setting up of repair/overhaul facilities for any equipment of Naval Aircraft/helicopters which were not common with what was being manufactured by HAL.

- (f) In case of Air Force, for undertaking the task of the Indian Navy, not only would the Indian Navy have to provide the capital expenditure but also to be responsible for expenditure on additional manpower and provision of spares required for the overhaul as in the case of Nene Engines overhauled at No. 1 BRD, Kanpur.
- (g) In the case of Kiran Aircraft, Government had permitted IAF to set up repair/overhaul facilities in spite of the fact that the aircraft was in the production range of HAL.

It was evident from above arguments that Navy had to provide capital expenditure, manpower and provision of the required spares even in case the job was entrusted to IAF. In case of HAL, only the manpower elements would not need to be provided by the Navy.

Therefore it was accepted by Ministry of Defence that there was a distinct advantage in setting up the repair/overhaul facilities at NAYO, Cochin. Since January, 1973 Ministry of Finance (Defence) had also accepted the proposal in principle, no further follow-up of this aspect was considered at that stage.

However, when the Memorandum for Expenditure Finance Committee was finally under consideration in late 1978, a further enquiry about the ability of HAL to undertake this work was considered necessary as considerable time had elapsed in the meantime. Such an enquiry was considered essential because repair of Gnome Engine fitted on the Seaking helicopters had been already entrusted to HAL. On the other hand, Navy also claimed to have some infrastructure and know-how for overhaul/repair to these aircrafts. Some duplication was, therefore, inevitable whether the work was entrusted to HAL or to Navy, Ministry of Finance (Defence), therefore, considered it important to find out whether the duplication would be less in case the work was entrusted to HAL or to NAYO, Cochin. Hence a formal reference to Department of Defence Production was suggested.

Initially in December, 1978 HAL had intimated that they had no objection in principle to undertake the work of overhaul/repair of Seaking helicopters, but they wanted to make a detailed study of the project before taking a final decision. But finally they expressed their inability to undertake the work.

[Min./Deptt. of Defence O.M. No. 2(2)/86/D(N-I)  
Dated 30-9-1986.]

### **Recommendation**

The Committee strongly deprecate the inordinate delay of more than seven years in sanctioning the project. This has not only led to escalation in the cost of the project but has caused a drain of precious foreign exchange on account of frame of helicopters being sent abroad for repairs. Conceding the delay, the Defence Secretary stated during evidence before the Committee that "As a matter of fact, this seven years does not give us also any satisfaction. Secondly, there has been a very considerable streamlining in the matter of procedure. In various things we are trying to cut on the lead time."

[S. No. 7 of Appendix (Para 1.57) of 24th Report of PAU 1985-86  
(Eighth Lok Sabha)]

### **Action Taken**

This paragraph also cover the audit para in general. No specific recommendation is required on this.

[Min./Deptt. of Defence O.M. No. 2(2)/86/D(N-I) Dated 30-9-1986]

### **Recommendation**

The Committee note that when the sanction for this project was accorded in November, 1979, the target date set for establishing the repair facilities was by the end of 1982. It is unfortunate that even this target date was not adhered to. About the latest progress on the project as on 26-6-1985 the Defence Secretary stated during evidence that: "We have done 98 per cent. There are two things now left over. Money-wise, Rs. 99.8 lakhs have been spent. The little items are left. The rest is all done."

[S. No. 8 of Appendix (Para 1.58) of 24th Report of PAC 1985-86  
(Eighth Lok Sabha)]

### **Action Taken**

As stated earlier, the project has been completed to the extent of 98 per cent. This was based on the fact that a few items were still due delivery against the 99.8 lakhs worth of indents. The last of these is expected to materialize by September, 1986 and with the receipt of these spares the project could be taken as completed. No further expenditure will be incurred.

[Min./Deptt. of Defence O.M. No. 2(2)/86/D(N-I)  
Dated 30-9-1986.]

### **Recommendation**

The Committee note that due to delay in creating the indigenous repair facilities for the airframe of the helicopter's components and assemblies including those for which indigenous facilities were being set up, continued to be sent abroad for repairs. According to the Audit Paragraph, the total expenditure incurred during 1976—82 on repair of the components etc. covered by the project, amounts to Rs. 87.58 lakhs. However, according to the Ministry of Defence, since the element of spares used in repair|overhaul accounts for 50 per cent of the cost of the repairs|overhaul, the actual expenditure should be taken as Rs. 43.79 lakhs. The Committee view with concern this avoidable expenditure. The Committee have no doubt that timely completion of the project would have definitely saved this expenditure in foreign exchange apart from obviating the other drawbacks as a result of sending the components abroad.

[S. No. 11 of Appendix (Para 1.61) of 24th Report of PAC 1985-86  
(Eighth Lok Sabha)]

### **Action Taken**

With reference to this audit para, the Seaking components which were sent abroad for repairs, can be classified into two categories as follows:—

- (a) Components for which no facility was established.
- (b) Components for which limited facilities were established under the purview of the project sanction referred to in this audit para.

During the period 1976 to 1982 the amount spent on repair abroad of components belonging to systems covered by the project is indicated as Rs. 87.58 lakhs. Even if these repairs were carried out in India, there would have been a necessity to import spares worth approximately 50 per cent of the cost of repairs. On this basis the net repair charges would stand reduced to only Rs. 43.79 lakhs.

It would also be observed that the repair charges paid in 1981 is singularly heavy at Rs. 56.85 lakhs. This high expenditure in 1981, even while most repair facilities were already getting established in India was because of the repair abroad of Sonar and Doppler components. These repairs were necessitated because a tear of technical specialists, following their visit to Cochin to

assess the performance of Sonar Doppler system had sentenced these as components with below par performance. The specialists had recommended the repair of these components in UK because the repair work entailed manufacturing-jig level repair and adjustments. The facilities set up under the project covered only repair, not manufacture.

[Min./Deptt. of Defence O.M. No. 2(2)/86/D(N-I)  
Dated 30-9-1986.]

## CHAPTER IV

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

#### Recommendation

The Ministry of Finance (Defence) took as much as 6 months from July, 1972 to January, 1973 to agree to the proposal in principle subject to the Naval Headquarters furnishing the cost details of jigs, tools, repair documentation, training of personnel abroad, spread of expenditure, etc. for further examination. It is disquieting to note that the Naval Headquarters took abnormally long period of three years to finalise the requisite information as the necessary evaluation was completed by the end of 1976 for most of the components and the consolidated information was prepared in the form of an Indian Naval Publication. Based on this evaluation, the Naval Headquarters had submitted in August 1976, a revised estimate of Rs. 117 lakhs (foreign exchange Rs. 92 lakhs). The Committee are not convinced with the justification for this delay advanced by the Ministry of Defence that "this required dialogue with the manufacturers (approximately 300 numbers) and identification of jigs, tools, spares and consumables material approximately 20,000 to 30,000 in number and obtaining circuit diagrams, recommended scales of spares, documentation etc." The Committee consider that simultaneous negotiations with the manufacturers, whatever be their number and evaluation of the requisite information should not have taken such a considerably long period of three years.

[S. No. 3 of Appendix (Para 1.53) of 24th Report of PAC 1985-86  
(Eighth Lok Sabha)]

#### Action Taken

The case was initiated by NHQ in November 1972 and Ministry of Finance had requested NHQ in January 1973 to obtain and add to the file the actual list of tools and equipment required etc. with itemwise cost indicated, NHQ had initiated immediate action to obtain the information from the manufacturers. Thus it will be seen that the dialogue with the manufacturers started after three

months from the initiation of the case itself which is almost simultaneous and thus no time was lost in starting the dialogue with the manufacturers. Unfortunately copies of all correspondence in this regard are not available.

[Min./Deptt. of Defence O.M. No. 2(2)/86/D(N-I)  
Dated 30-9-1986.]

#### **Recommendation**

The Committee note that 5 Naval Officers were sent abroad for obtaining practical training and knowledge of the repair/overhaul facilities for the helicopter, in question. Strangely enough, 4 of these officers were transferred from the Naval Aircraft Repair Organisation even before the sanction to the project was accorded in November, 1979. Even the fifth officer was also transferred in 1980. The Committee conclude that the specialised training given to the five officers has not achieved the purpose for which it was intended. The Committee deplore this attitude of the Government and suggest that Government should lay down proper guidelines in the matter so as to ensure that the postings of such officers on completion of their training are invariably made by keeping in view their usefulness for the project for which training was arranged.

[S. No. 12 of Appendix (Para 1.62) of 24th Report of PAC 1985-86  
(Eighth Lok Sabha)]

#### **Action Taken**

It has always been the practice to post officers who have received specialised training to appointment where this training would be directly useful. However, other need of the service as well as those of the officer may sometime prevent this from being fully achieved.

[Min./Deptt. of Defence O.M. No. 2(2)/86/D(N-I)  
Dated 30-9-1986.]

**CHAPTER V**

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

— NIL —

NEW DELHI;  
28 April, 1987  
8 Vaisakha, 1909 (Saka)

E. AYYAPU REDDY  
Chairman,  
Public Accounts Committee.

## PART II

### MINUTES OF 60TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 24 APRIL, 1987

The Committee sat from 1500 hours to 1730 hours.

#### PRESENT

Shri E. Ayyapu Reddy—*Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Shri Ranjit Singh Gaekwad
3. Shrimati Prabhawati Gupta
4. Shri G. Devaraya Naik
5. Shrimati Jayanti Patnaik
6. Shri Simon Tigga
7. Shri Girdhari Lal Vyas
8. Shri M. S. Gurupadaswamy

#### SECRETARIAT

1. Shri Krishnapal Singh—*Senior Financial Committee Officer.*
2. Shri S. M. Mehta—*Senior Financial Committee Officer.*
3. Shri C. L. Bhatia—*Senior Financial Committee Officer.*

#### REPRESENTATIVES OF AUDIT

1. Shri M. Parthasarthy—Addl. Dy. C&AG (Railways)
2. Shri D. K. Chakravarty—Addl. Dy. C&AG (Report Central)
3. Shri S. B. Krishnan—Director (Report)
4. Shri Baldev Rai—Director of Audit (Air Force and Navy)
5. Shri P. K. Jana—Dy. Director of Audit, D.S.
6. Shri R. S. Gupta—D.R.A.I.
7. Shri S. K. Gupta—Joint Director
8. Shri S. M. Patankar—D.A.C.R.-I
9. Shri A. K. Sitaram—J.D.C. (Rlys )
10. Shri A. K. Jain—DACR II
11. Shri K. Krishnan—J.D. (DT)

2. The Committee considered and adopted the following draft Reports:

\* \* \* \*

(v) Draft Report on Action Taken on 24th Report (8th Lok Sabha)  
re: Delay in setting up of repair/overhaul facilities for a  
certain helicopter.

\* \* \* \*

3. The Committee authorised the Chairman to finalise the draft Reports in the light of the above modifications and other verbal and consequential changes arising out of factual verification by Audit and present the same to both the Houses of Parliament.

*The Committee then adjourned.*

## APPENDIX

### *Conclusions/Recommendations*

Sl. No.	Para No.	Ministry/ Department	Recommendations
1	2	3	4
1	1.5	Defence	<p>In para 1.53 of their 24th Report (8th Lok Sabha), the Public Accounts Committee had pointed out that the evaluation of the requisite information on the cost details of jigs, tool, repair documentation, training of personnel abroad, spread of expenditure etc. should not have taken a long period of three years. The Ministry in their reply have stated "the dialogue with the manufacturers started after six months from the initiation of the case itself which is almost simultaneous and thus no time was lost in starting the dialogue with the manufacturers. Unfortunately copies of all correspondence in this regard are not available." The Committee do not find adequate justification that completing the evaluation of the requisite information should have taken as long as a period of 3 years. The fact that the important relevant correspondence has not been properly maintained and thus is not available with the Ministry is a matter of serious concern. At this stage the Committee can only express the hope that the Government would have taken suitable lessons from this experience and better care would be exercised in future in cases of this nature.</p>

1	2	3	4
2	1.8	Defence	<p>The Committee are not satisfied with the explanation that other need of the service, as well as those of the officer, may sometime prevent the posting of the specially trained officers to appointment where the training would be directly useful. While the Committee have made a specific suggestion for laying down of proper guideline for posting of such officers, the reply of the Ministry is evasive on this point. The Committee would like to have the explanation as to why the Naval Officers who were sent abroad for specialised training and knowledge of repair/overhaul facilities for the helicopter in question were transferred from Naval Aircraft Repair Organisation even before the sanction of the project was accorded. The Committee hope that the Government will lay down proper guidelines for posting of specially trained officers so that the expenditure incurred on training may be profitably utilised.</p>

