

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:3167
ANSWERED ON:11.05.2006
IRREGULARITIES IN PURCHASE OF EXECUTIVE JET PLANES
Pathak Shri Brajesh

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Comptroller and Auditor General has pointed out irregularities in purchase of executive jet planes and extravagant expenditure on their upkeep and purchase of missiles for the Air Force as reported in the Dainik Jagran, dated March 22, 2006;
- (b) if so, the facts thereof; and
- (c) the reaction of the Government thereto?

Answer

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (c): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA UNSTARRED QUESTION NO. 3167 FOR ANSWER ON 11.5.2006

Report No. 5 of 2006 (Air Force and Navy) of the Comptroller and Auditor General of India, presented to the Parliament on 21.3.2006, contains, inter alia, the following Audit Paras:-

- (i) Para 2.1 relating to Acquisition of Executive Jets for Communication Squadron;
- (ii) Para 2.3 relating to Acquisition of Missiles by Indian Air Force (IAF).

A contract was signed by the Government on 19.9.2003 with M/s Embraer, Brazil for purchase of five Executive Jets for IAF and Border Security Force. The above mentioned Report states that while the propriety of the acquisition for replacement of the existing fleet was open to question, commitment of an additional expenditure of Rs. 126.90 crore for providing upgraded facilities in the aircraft did not reflect adequate concern for deriving value for money.

A contract was signed by the Government on 19.5.2003 with M/s ARTEM, Ukraine for purchase of 216 missiles. The Report states that absence of effective negotiation and a competitive and transparent process resulted in the payment of at least USD 10.52 million (Rs. 50.60 crore) over the reference price.

Action Taken Notes on the Audit paras will be furnished to the Lok Sabha Secretariat through the Ministry of Finance.