

TENTH REPORT
STANDING COMMITTEE ON DEFENCE
(2001)

(THIRTEENTH LOK SABHA)

MINISTRY OF DEFENCE

*[Action Taken on the Recommendations contained in the 3rd Report of the Committee
(Thirteenth Lok Sabha) on Demands for Grants (2000-2001) of the Ministry of Defence]*

*Presented to Lok Sabha on 23 March, 2001
Laid in Rajya Sabha on 23 March, 2001*



LOK SABHA SECRETARIAT
NEW DELHI

March, 2001/Chaitra, 1923 (Saka)

CONTENTS

COMPOSITION OF THE COMMITTEE (2001)

INTRODUCTION

CHAPTER I Report

CHAPTER-II Recommendations/Observations which have been accepted by the Government

CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies

CHAPTER IV Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee

CHAPTER V Recommendations/Observations in respect of which final replies of Government are still awaited

MINUTES OF THE SITTING

APPENDIX

Analysis of Action Taken by Government on the Recommendations contained in the Third Report of the Standing Committee on Defence (Thirteenth Lok Sabha) on the Demands for Grants of the Ministry of Defence (2000-2001)

COMPOSITION OF THE STANDING COMMITTEE ON DEFENSE (2001)

Dr. Laxmmarayan Pandey—Chairman

MEMBERS Lok Sabha

2. Shri S. Ajaya Kumar
3. Shri Raj Babbar
4. Shri Vijayendra Pal Singh Badnore
5. Shri S. Bangarappa
6. Col. (Retd.) Sona Ram Choudhary
7. Smt. Sangeeta Kumari Singh Deo
8. Shri Jarborn Gamlin
- *9. Shri Indrajit Gupta
10. Shri Raghuvir Singh Kaushal
11. Shri Mansoor Ali Khan
12. Shri Chandrakant Khaire
13. Shri Vinod Khanna
14. Shri K.E. Krishnamurthy
15. Shri A. Krishnaswami
16. Shri Ashok N. Mohol
17. Shri Hannan Mollah
18. Smt. Ranee Narah
19. Shri Sultan Salahuddin Owaisi
20. Shri Gajendra Singh Rajukhedi
21. Shri Rajendrasinh Rana
22. Prof. Rasa Singh Rawat
23. Shri A.P. Jithender Reddy
24. Shri Madhavrao Scindia
25. Dr. Col. (Retd.) Dhani Ram Shandil
26. Shri Ramjiwan Singh
27. Shri C. Sreenivasan
28. Shri Vaiko
29. Dr. Jaswant Singh Yadav
30. Dr. (Smt.) Sudha Yadav

Rajya Sabha

31. Shri S. Peter Alphonse
32. Shri Nilotpal Basu
33. Shri T.N. Chaturvedi
34. Shri Palden Tsering Gyamtso
35. Shri Suresh Kalinadi
36. Dr. Y. Lakshmi Prasad

37. Shri Janeshwar Misra
38. Shri Kripal Parmar
39. Dr. Raja Ramanna
40. Shri Shanker Roy Chowdhury
41. Shri Adhik Shirodkar
42. Shri Kapil Sibal
43. Smt. Ambika Soni
44. Sardar Gurcharan Singh Tohra
- **45. Dr. Alladi P. Rajkumar

SECRETARIAT

- | | | |
|-----------------------|---|--------------------|
| 1. Shri Ram Autar Ram | - | Joint Secretary |
| 2. Shri Krishan Lal | - | Director |
| 3. Shri K.D. Muley | - | Assistant Director |

*Expired on 20.02.2001.

**Nominated *w.e.f.* 5.3.2001.

INTRODUCTION

I, the Chairman, Standing Committee on Defence (2001) having been authorised by the Committee to submit the Report on their behalf, present Tenth Report on Action Taken by Government on the recommendations contained in the Third Report of the Committee (Thirteenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2000-2001.

2. The Third Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 19 April, 2000. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 20 September, 2000. The Draft Report was considered and adopted by the Standing Committee on Defence (2001) at their sitting held on March, 16, 2001.

3. An analysis of action taken by Government on recommendations contained in the Third Report of the Standing Committee on Defence (Thirteenth Lok Sabha) is given in Appendix.

4. For facility of reference and convenience, the observations/recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;
March 16, 2001
Phalguna 25, 1922 (*Saka*)

DR. LAXMINARAYAN PANDEY,
Chairman.
Standing Committee on Defence.

CHAPTER I

REPORT

The Report of the Standing Committee on Defence deals with action taken by the Government on the recommendations/observations contained in their Third Report (13th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2000-2001, which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 19 April, 2000.

2. In their Third Report (Thirteenth Lok Sabha), the Committee had made 16 recommendations/observations on the following subject:

Recommendations on the following subject:		
Sl. No.	Para No.	Subject
1.	26	Defence Allocation
2.	27	Defence Procurement Procedures
3.	28	Restructuring of Armed Forces
4.	34	T-90 Tanks
5.	40 & 41	Wepon Locating Radars (WLRs)
6.	42 & 43	National Cadet Corps (NCC)
7.	47	Smerch (MBRL System)
8.	49	Defence Research & Development Organisation (DRDO)
9.	55	Aircraft Carriers
10.	58	Fifth Pay Commission
11.	63	Budget for vital equipments
12.	64	Streamlining the procedure for procurement
13.	69 & 70	LCA Programme
14.	75	Modernisation of MIG-21 Bis
15.	78	Modernisation of Ordnance Factories
16.	80	Nalanda Project

3. Action taken notes have been received from the Government in respect of all 16 recommendations/observations contained in the Report. These have been categorised as follows:—

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

SI. Nos. 1—4, 6—16

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

Nil

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

SI. No. 5

- (iv) Recommendations/Observations in respect of which final replies of Government are still awaited:

Nil

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

Defence Procurement Procedures

Recommendation (SI. No. 2, Para No. 27)

5. The Committee had recommended that the inefficiencies and bottlenecks in defence procurement process and procedures which have been identified by the Government should be removed. It was also felt that the Government should pay serious attention to the need to avoid wasteful expenditure on purchases and plug the sources of leakage of funds and while making purchases to meet the urgent requirements of the Armed Forces and there should be compliance with proper procedures. The Committee further stressed the need to simplify, rationalise and have transparency in the acquisition procedure and also to ensure timely acquisitions of purchases of all defence equipments and requisite material.

The Committee headed by Vice Chief of Army Staff (VCOAS) was also constituted by the Ministry of Defence to further modify the Defence Procurement Procedure, and it was desired by the Committee that the Government should also examine the feasibility of setting up a broad-based high powered committee to take deeper look at the acquisition procedures in all its dimensions and suggest long term measures in this regard.

6. The Ministry of Defence have in their action taken reply stated that:

"In order to ensure optimal utilization of scarce national resources, Government continuously endeavours to improve the system/procedures for acquisition/procurement of weapons/weapon systems/equipment and other stores for meeting the requirement of Armed Forces. As noted by the Standing Committee of Parliament on Defence, the Government has already constituted a Committee headed by VCOAS to further modify the Defence Procurement Procedure. The necessity for setting up a broad based High Powered Committee to take a deeper look at the acquisition procedures in all its dimensions and suggest long term measures in this regard, as suggested by the Standing Committee of Parliament on Defence can be examined by the Government after the Committee headed by VCOAS renders its report to the Government and the Government takes a view on the recommendations of the Committee headed by the VCOAS".

7. The Committee again strongly recommend that Defence Procurement Procedures should appropriately be modified and simplified after the Committee headed by VCOAS submit their report in time to the Government. Secrecy in the name of Defence should not be used as a potent weapon to merely cover up corruption and inefficiency in Defence Procurement Procedures. It is observed that Defence Procurement Procedures are coming in the way of time bound acquisition by the Armed Forces where time is an important factor in equipping the Armed Forces especially when India is facing an extraordinary hostile security situation.

T-90 Tanks

Recommendation (SI. No. 4. Para No. 34)

8. The Committee had thoroughly considered the facts presented by the Defence Secretary in regard to the trial performance of T-90 tanks as well as the cost advantage the negotiators have been able to extract from the manufacturers. The Committee had also taken note of the contrary opinions expressed on the suitability of this tank. The Committee was of the view that important consideration in this regard should be the combat readiness of the Army. The Committee desired that the Government should fully satisfy itself on the technological and financial advantages as well as the

suitability of the tanks at the earliest before taking a final decision in the matter. The Ministry of Defence in their action taken reply have stated that the tank force is one of the most potent and offensive forces and provides a decisive edge in any land battle, be it offensive or defensive. The Indian Army Combat Ratio in Armour against Pakistan has fallen from 1.99:1 in 1993 to 1.40:1 in July, 1997. Thus at this juncture import of T-90 Tanks with ToT and our gradually upgrading the production line to T-90s is the only prudent solution to meet the combat readiness of the Army and challenges from across the border.

9. The Ministry have further stated that in the General Staff (GS) Evaluation report T-90s Tank has been found to be suitable for introduction in the Army to meet its present and future operations needs. A Price Negotiation Committee (PNC) is currently negotiating with the Russians for prices and other details. Only after the PNC conclude its negotiations with the Russians and submits its final report on the financial aspects, a final decision will be taken considering all aspects for induction of these tanks into Indian Army. On completion of negotiations necessary approval of the Cabinet Committee on Security (CCS) will be obtained before entering into a contract.

10. The Committee note, that in the GS evaluation report T-90 Tank has been found to be suitable for introduction in the Army to meet its present and future operational needs. The Committee are also of the view that long delay in procuring this tank may result in obsolescence of technology, therefore, PNC should conclude its negotiations with the Russians at the earliest.

Weapon Locating Radars (WLRs)

Recommendations (SI. No. 5, Para No. 40 & 41)

11. The Committee found on the basis of the facts brought before it that the Ministry of Defence had not shown any sense of seriousness in acquiring Weapon Locating Radars (WLRs). The enquiry in respect of this item had admittedly started in 1989 and even after a decade the Indian Army has not been able to acquire it.

The Committee were seriously concerned by the degree of seeming casualness shown by the Defence Ministry in this regard. The statement made by the Defence representatives that we could not buy it because it was denied to us and that the cost was very high was unsatisfactory to say the least. The Committee found that though the technical delegation which was sent to France to evaluate the Cobra WLR system had not made a formal report, a decision was taken in the Ministry of Defence that the PNC should resume negotiation with the Ukrainians for acquisition of WLRs. The Committee want to be apprised of the reasons for taking such decision to continue the negotiations. The Committee desire that the Government should take immediate steps to equip the Army with this Radar.

12. The Ministry of Defence in their action taken reply stated that inspite of serious and concerted efforts made by the Ministry of Defence since 1995 WLR for Indian Army could not be acquired due to imposition of sanctions on India by USA, non-availability of many known vendors, inability of vendors to field the WLR for trials in India and Defence Research and Development Organisation (DRDOs' limitations to develop the WLR indigenously. In spite of all these, serious efforts were made to acquire the WLR from Ukraine, France, Russia, Germany etc., by sending RFP delegation to these countries.

The Ministry of Defence have further stated that only offer received from M/s. Iskra, Ukraine was examined by the Army Hqs. And found acceptable. However, Ministry of External Affairs (MEA) had reservations on entering into major purchase deals with Ukraine in view of that country's links with Pakistan. The Ministry have also informed that a meeting was held by RM on 13.3.2000 which was attended by Chief of Army Staff (COAS), Defence Secretary, Scientific Advisor (SA) to Raksha Mantri (RM) and other officials. Meanwhile it was noted that Cobra WLR system being offered by DASA of Germany and stated to be developed by European consortium is still under development and was superior in technology as compared to the Ukraine WLR though the former was also expected to be more costly.

13. The Ministry have also stated that a technical delegation visited France and Germany to evaluate Cobra WLR. The delegation's report was received on 19.5.2000. In the main recommendation of the Evaluation Team it was stated the Cobra is likely to meet the General Staff Quality Requirement (GSQR) parameters. However the status of production schedule and uncertainties concerning the sale of Cobra to India as provided to the delegation by DASA rule out the acquisition of Cobra to meet our immediate operation requirements.

14. The Ministry have clarified that the delay in finalisation of this case had also been due to the fact that initial offer was received from M/s. Iskra of Ukraine but subsequent insistence of Ukrainian Govt. to negotiate the case with M/s. UKRSPETSEXPOR along with M/s. Iskra, as they have withdrawn the licence for direct export by M/s. Iskra. There were allegations regarding involvement of agents in procurement of WLR from Ukraine which also needs to look into. The technical discussion between M/s. BEL and M/s. UKRSPETSEXPOR have since been completed and supplementary commercial offer is being obtained from the vendor for supply Semi Knocked Down (SKD), Complete Knocked Down (CKD) and Transfer of Technology (ToT) for integration of WLR by M/s. BEL. Presently, price negotiations are in the process.

15. The Committee felt that inspite of MEA's reservations about entering into major purchase deals with Ukraine, the Ministry of Defence signed a contract with Ukrainian firms. The Committee therefore desire that the Govt. should take all precautions regarding problem of supply of spare parts in future. The Committee again recommend that the Ministry of Defence should keep its option open for procurement of advanced technology WLR from Germany and other countries also. The Committee recommend that in future the items of critical importance should be given priority.

National Cadet Corps (NCC)

Recommendation (SI. No. 6, Para 42 & 43)

16. The Committee were dissatisfied over the stands taken by the Ministry of Defence that due to limited availability of Service Officers, extension of NCC facilities is being restricted. The Committee desired that the services of the officers of Territorial Army should be utilized to make up the shortage of officers in the NCC and the Government should also examine the feasibility of providing proper training to the staff of the concerned educational institutions to enable them to serve as officers in NCC. The Committee recommends that NCC should be developed on the lines of Reserve Officers Training Course (ROTC) of America so that it may come up as a channel for Commission and the services of this organisation might be better utilized in the service of the nation.

17. In their action taken reply the Ministry of Defence have stated that on the question of extending the NCC facilities to the 3.6 lakh students seeking enrolment as NCC cadets, a decision has been taken by the Raksha Mantri to enhance the strength of NCC cadets by one lakh on an immediate basis. This would be met from within the present resources including staff and with the infusion of the incremental required addition of funds and other resources. Emphasis on the increased intake of NCC cadets would be given to the border States of Jammu & Kashmir and the North-East with a view to ensure their greater integration into the national mainstream. Concurrence of the State Government was required for this proposed increase. Once the State Governments agree to this proposal, this decision would be operationalised.

On the question of utilising the officers of Territorial Army for training NCC cadets, it is brought out that the officers of Territorial Army are in the nature of 'Reserve' whose minimum commitment is to undergo two months annual training. Besides, they could be called upon under Territorial Army Rule 33, to meet any national emergency. The permanent nature of requirement of personnel by NCC cannot be classified as a national emergency since its requirement is continuous.

18. The Ministry have further stated that so far as utilisation of staff of educational institutions is concerned, the NCC was utilising this staff in the form of Associated NCC

Officers (ANOs). However, due to lack of volunteers, there were a large number of deficiencies in this cadre. Model incentives proposed even at a modest scale were forwarded by the Ministry of Defence to all State Governments in 1992, but have not been implemented by State Governments due to obvious financial constraints.

On the issue of formation of a Reserve Officers Training Course (ROTC) as in the USA, the Ministry have stated that in the USA, volunteers were enrolled under this course to be recalled in national emergency. After enrolment they are sent to active Units and training institutions for initial training after which they revert to their respective civilian professions and are called upon to attend annual training camps. The Territorial Army in Indian context, is envisaged for such requirements.

19. The Committee appreciate the decision taken by Ministry of Defence to increase the intake of NCC cadets in border States of Jammu & Kashmir and North East, which will definitely infuse nationalist feeling in the minds of youths. But, the Committee again feel that budget allocation to NCC is still low to fulfil the demand from educational institutions, therefore, sufficient budget allocation to NCC and State Government be made so that there should be no financial constraints for expanding the activities of NCC.

The Committee also desire that the prevailing training to NCC cadets may be upgraded to facilitate direct-entry in defence services.

Streamlining the procedure for procurement

Recommendation (SI. No. 12, Para No. 64)

20. The Committee had desired that adequate and timely funding should be given to all major air force projects and the Ministry should also streamline the procedures for acquisition of all equipments so that delays as in the case of Advanced Jet Trainer are not repeated in the other projects.

21. The Ministry have stated that they have laid down a detailed procedure in 1992 for procurement of weapons/weapon systems and equipment for meeting the requirements of armed forces. The Ministry also continuously endeavours to improve defence procurement procedure for ensuring flexibility in procedures, whenever required and achieve higher levels of efficiency and accountability.

The Ministry of have further informed that a Committee has been appointed recently under the Chairmanship of Vice Chief of Army Staff to review the defence procurement procedure and suggest modifications.

22. The Committee acknowledge the efforts made to streamline the overall procedure for defence procurement and desire that the Committee may be kept informed of the progress of the review of defence procurement procedure as being

carried out by the Committee formed under the Chairmanship of Vice Chief of Army Staff in this very crucial area and also implementation of the modifications suggested by it in a time bound manner.

Modernisation of MiG-21-Bis

Recommendation (SI. No. 14, Para No. 75)

23. The Committee had noted that the time schedule for completion of upgradation work on MiG-21-Bis Aircraft had been extended from time to time. The Committee had desired that the Government chalk out a schedule for completion of upgradation work on MiG-21-Bis Aircraft.

24. The Ministry of Defence have stated in their reply that design and development of the programme was in the final stage of completion. As on date, 94 valid flights of the upgraded aircraft had been completed. The remaining flights are planned to be completed by July, 2000 and Design and Development (D&D) phase closed by 30th September, 2000. Series production work has already commenced at Hindustan Aeronautics Limited (HAL), Nasik. The task for upgrading the earmarked aircraft is expected to be completed in the year 2004.

The Ministry of Defence have also stated that a comprehensive technical study to extend the life of the MiG-21 Bis aircraft to 3,500-4,000 hours/40 years was in progress at National Aerospace Laboratory (NAL), Bangalore. With such extension of life, the upgraded aircraft were expected to be available in service up to the year 2020. For ensuring that no further slippage occurred in the programme, it is proposed to send a joint IAF/MoD team to review the programme in close consultation with the Design Bureau and elicit firm commitment from the Russians to ensure completion by September, 2000.

25. The Committee have been from the very beginning concerned over the large delay in the completion of Design & Development and the upgradation work on MiG-21-Bis aircraft. The Committee reiterate its earlier recommendation and hope that the schedule as laid down now shall be firmly adhered to and no further delay in the matter be allowed to take place, as any further delay may prove the whole project of upgradation and life extension of aircraft as financially unviable.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (SI. No. I, Para No. 26)

The Committee note that defence outlay of Rs. 58,587 crores for the year 2000-2001 marks a 28.2 per cent hike over the budget estimates of Rs. 45,694 crores for the year 1999-2000, and a 20.79 percent rise over the revised estimates of Rs. 48,504 crores for the year 1999-2000. The hike in defence outlay was expected after the Kargil conflict, which exposed the major deficiencies in our national security management system. The Committee hope that the increase in defence outlay that has come after many years of slump in real terms would be sustained for the coming years also. This requires long term financial commitments and cohesive planning by the Government in consonance with the series of prospective Five Year Defence Plans.

Reply of the Government

The recommendations of the Standing Committee of Parliament on Defence have been noted by the Government. Necessary action including a fresh assessment of strategic and technological environment, in which the Armed Forces operate has already been initiated by the Government. The exercise would facilitate proper long term planning for ensuring that our Armed Forces are fully equipped for meeting the potential threats to National Security

[Ministry of Defence O.M. No. H. 11019/4/2000/D (Parl.) dated 15.9.2000]

Recommendation (SI. No. 2, Para No. 27)

The Committee are of the view that while meeting the urgent requirement of the Armed Forces, the inefficiencies and bottlenecks in defence procurement process and procedures which have been identified by the Government should be removed. It has often been found that poor planning results in wasteful purchases which are a drain on the scarce resources of the country. The defence needs have to be met from the total resources available and there are huge demands on them from other important sectors as well. The Committee, therefore, feel that the Government should pay serious attention to the need to avoid wasteful expenditure on purchases and plug the sources of leakage of funds. The Committee feel that even while making purchases to meet the urgent requirements of the Armed Forces there should be compliance with proper procedures. In this context, the Committee desire that the acquisition procedures should be simplified, and rationalized. Further they should be transparent and capable of ensuring timely acquisitions.

The Committee note that the Ministry of Defence on 28th March 2000 has constituted a Committee under the Chairmanship of Army Staff (VCOAS) and the representatives of Service Headquarters, Department of Defence Production & Supplies (DDP&S), Defence Research and Development Organisation (DRDO), Ministry of Defence and Ministry of Defence (Finance) as members with the objective of formulating measures by which the Defence Procedures can be appropriately modified. The terms of reference of the Committee include changes in the procedures for speedier interaction between the various organization of the Service Headquarters and MoD/MoD (Finance) on the other. The Committee hope that this body will complete its task quickly. In this context the Committee desire that the Government should also examine the feasibility of setting up a broad-based high powered Committee to take a deeper look at the acquisition procedures in all its dimensions and suggest long term' measures in this regard.

Reply of the Government

In order to ensure optimal utilization of scarce national resources, Government continuously endeavours to improve the system/procedures for acquisition/procurement of weapons/weapon systems/equipment/ other stores for meeting the requirements of Armed Forces. As noted by the Standing Committee of Parliament on Defence, the Government has already constituted a Committee headed by VCOAS to further modify the Defence Procurement Procedure. The necessity for setting up a broad based High Powered Committee to take a deeper look at the acquisition procedures in all its dimensions and suggest long term measures in this regard, as suggested by the Standing Committee of Parliament on Defence can be examined by the Government after the Committee headed by VCOAS renders its report to the Government and the Government takes a view on the recommendations of the Committee headed by the VCOAS.

[Ministry of Defence O.M. No. H. 11019/4/2000/D (Parl.), dated 15.9.2000]

Comments *of* the Committee

[Please see Para No. 7 of Chapter I of the Report]

Recommendation (SI. No. 3, Para No. 28)

The Committee feel that the Armed Forces restructuring has not gone very far. An analysis of the figures given in the previous pages shows that a very high proportion of the defence budget goes on salaries and maintenance leaving an inadequate amount for modernisation and upgradation of the Armed Forces. The hike in defence outlay would not bring about the required results till this imbalance is corrected substantially. The Defence Ministry should take necessary steps to remove this imbalance so that the armed forces have adequate manpower on the one hand and adequate resources for capital acquisition on the other. The Services should rationalize their priorities to meet the security needs of the country.

Reply of the Government

The Armed Forces have been continually carrying out reorganizations and restructurings of combat and non combat units in order to effect rationalisation in the manpower resources and utilization with a view to remove imbalances between establishment costs and resources available for modernization. These have been based on a series of in-house studies carried out by the Services for rationalisation of force level, modification of logistic support systems, review of combat echelons, economizing through optimal utilization of available manpower, review of Non Field Forces and review of future battle field situations with respect to requirements of force capabilities and equipment.

It may be stated that programmes for modernisation and re-equipping the services are reviewed and reassessed continually and adjustments that are dictated by technology are accommodated. There are implemented based on the assessment of the three Services Headquarters and with the approval of competent authority under the prescribed procedure.

The outgo on salaries and maintenance is directly related to the force level that is required to be maintained to meet the threat perceptions and security needs of the country. The profile of the three Services is different. The Army has to be necessarily manpower intensive and significant allocation of Army Budget is spent on manpower and related costs. On the other hand, the Air Force and the Navy are capital intensive. As the current manning in the services is below the authorized levels, further reduction in manpower in the Armed Forces is not a feasible proposition. However, Army has consciously decided to under-recruit 50,000 personnel since 1998.

This and Rs. 245 crores during 1999-2000. This amount has been diverted towards Capital acquisition (modernization). The proportion of expenditure/allocations towards pay and allowances of the total Defence budget has gone down from 38% in 1998-99 to 31% in 2000-2001 (BE) whereas the proportion of expenditure towards modernization of the total Defence expenditure has gone up from 21% in 1998-99 to 27% in 2000-2001 (BE).

Year	Pay & allowances	% of Budget	Modernisation	% of Budget	Total Defence Budget (Revenue + Capital)
1996-97	10115.20	34.28	7166.11	24.29	29505.07
1997-98	13356.09	37.86	7660.41	21.71	35277.09
1998-99	15417.10	38.64	8663.35	21.71	39897.58
1999-2000	16730.68	34.49	11009.73	22.70	48504.00
2000-2001	18226.44	31.11	15980.56	27.28	58587.00

[Ministry of Defence O.M. No. H/11019/4/2000/D (Parl.) dated 15.9.2000]

Recommendation (SI. No. 4, Para No. 34)

The Committee has carefully considered the facts presented by the Defence Secretary in regard to the trial performance of T-90 tanks well as the cost advantage the negotiators have been able to extract from the manufacturers. The Committee has also taken note of contrary opinions expressed on the suitability of this tank. The Committee is of the view that important consideration in this regard should be the combat readiness of the Army. The crucial test is whether the induction of T-90 tanks at this stage will make the Indian Army fully equipped to meet the challenges from across the border. The Committee want the Government to fully satisfy itself on the technological and financial advantages as well as the suitability of the tanks at the earliest before taking a final decision in the matter. The Committee desires that the Government should ensure that major defence acquisitions are free from misapprehensions and controversies of any kind. The Committee feel that any controversy surrounding acquisition of a weapon system will create confusion in the armed forces and adversely affect their morale.

Reply of the Government

The tank force is one of the most potent and offensive forces and provides a decisive edge in any land battle, be it offensive or defensive. currently Indian Army is equipped with Vijayanta Tanks. T-55 Tanks and T-72 tanks. Vijayanta was inducted in 1967. T-55 was inducted in 1970 and proposed to be phased out by 2017. T-72 Tanks were introduced in 1979 though its technology level is of 1970 vintage. The Indian Army Combat Ratio in Armour against Pakistan has fallen from 1.99:1 in 1993 to 1.40:1 in July, 1997. Thus at this juncture import of T-90 Tanks with ToT and our gradually upgrading the production line to T-90 is the only prudent solution to meet the combat readiness of the Army and challenges from across the border.

2. In the GS Evaluation report T-90s Tank has been found to be suitable for introduction in the Army to meet its present and future operational needs. A PNC is currently negotiating with the Russians for prices and other details. Only after the PNC conclude its negotiations with the Russians and submits its final report on the financial aspects, a final decision will be taken considering all aspects for induction of these tanks into Indian Army. On completion of negotiations necessary approval of the CCS will be obtained before entering into a contract.

[Ministry of Defence O.M. No. H. 11019/4/2000/D (Parl.), dated 15.9.2000]

Comments of the Committee

(Please *see* para No. 10 of the Chapter I of the Report)

Recommendation (Sl. No. 6, Para No. 42 & 43)

The demand from educational institutions seeking extension of NCC facilities is quite large in number. At present, there are 3.6 lakh students on the waiting list seeking enrolment as NCC cadets. However, partly because of resource constraints in allocation of funds by the various State Governments and also partly due to the limited availability of Service Officers and Other Ranks of the three Armed Forces, the number of educational institutions seeking extension of NCC facilities is being restricted.

The Committee are dissatisfied over the stands taken by the Ministry of Defence that due to limited availability of Service Officers, extension of NCC facilities is being restricted. The Committee desires that the services of the officers of Territorial Army should be utilized to make up the shortage of officers in the NCC. Government should also examine the feasibility of providing proper training to the staff of the concerned educational institutions to enable them to serve as officers in NCC. The Committee recommends that NCC should be developed on the lines of Reserve Officer Training Course (ROTC) of America so that it may come up as a channel for Commission and the services of this organization might be better utilized in the service of the nation.

Reply of Government

The Hon'ble Members of the Standing Committee expressed their concern on four major areas, viz.,

- (a) the limited availability of service officers forming a major constraint in the extension of NCC facilities to various educational institutions in the country;
- (b) the needs for utilisation of the services of the officers of Territorial Army for training NCC cadets to make up the shortage of officers for training NCC cadets;
- (c) to examine the feasibility of providing proper training to the staff of the concerned educational institutions to enable them to serve as officers in NCC; and
- (d) to develop the NCC on the lines of the Reserve Officers Training Course (ROTC) of America so that the NCC cadets could provide a channel for commission in the Services and also serve the nation.

The various suggestions made by the Hon'ble Members on the above points have been evaluated afresh in the light of the various suggestions and also based on the recommendations of the Members of the Consultative Committee on Defence. Based on these inputs now available, the suggestions have been re-examined and the observations of the Ministry are as below:

- (a) On the question of extending the NCC facilities to the 3.6 lakh students seeking enrolment as NCC cadets, a decision has been taken by the Raksha Mantri keeping in view the concern expressed by Hon'ble Members of Parliament of Standing Committee and Consultative Committee to enhance the strength of NCC cadets by one lakh on an immediate basis. This will be met from within the present resources including staff and with the infusion of the incremental required addition of funds and other resources. Emphasis on the increased intake of NCC cadets would be given to the border States of Jammu & Kashmir and the North-East with a view to ensure their greater integration into the national mainstream. Concurrence of the State Government is required for this proposed increase. Once the State Governments agree to this proposal, this decision will be operationalised. In this connection, it may be recalled that in the period after the Indo-China war in 1962 and upto 1966-67, NCC was made compulsory. However, due to inadequate availability of resources both in terms of funds and requirement of training personnel, the programme had to be re-examined and NCC training

was made optional. Keeping this in mind and also in view of the substantial financial implication involved on the part of the State Government, the present enhancement has been restricted by one lakh only for the immediate present.

- (b) On the question of utilising the officers of Territorial Army for training NCC cadets, it is brought out that the officers of Territorial Army are in the nature of 'Reserve' whose minimum commitment is to undergo two months annual training. Besides, they could be called upon under Territorial Army Rule 33, to meet any national emergency. The permanent nature of requirement of personnel by NCC cannot be classified as a national emergency since its requirement is continuous. Territorial Army officers are paid from the exchequer only for the period they are undergoing training or on active deployment of their Units. Further, since most of these officers are drawn up from various other professions, *i.e.*, public sector. Railways, private occupations other Government Departments, their availability of the remaining period of the year is restricted and, therefore, cannot be deployed for NCC training. Because of these factors, utilisation of the personnel of Territorial Army is not feasible.
- (c) In so far as utilisation of staff of educational institutions is concerned, the NCC is already utilising this staff in the form of Associated NCC Officers (ANOs). However, due to lack of volunteers, there are a large number of deficiencies in this cadre. Model incentives proposed even at a modest scale that they are, were forwarded by the Ministry of Defence to all State Governments in 1992, but have not been implemented by State Governments due to obvious financial constraints. The attempts made to recruit a large number of ANOs to bring to the desired levels have thus not fructified as a result.
- (d) As regards formation of a Reserve Officers Training Course (ROTC) as in the USA, it may be brought out that in the USA, volunteers for this are enrolled under this course to be recalled in national emergency. After enrolment they are sent to active Units and training institutions for initial training after which they revert to their respective civilian professions and are called upon to attend annual training camps. The Territorial Army in the Indian context, is envisaged for such requirements. The NCC, however, while maintaining a large number of cadets in schools and colleges, provides a base that can be drawn upon for providing officers and other ranks for enrolment in such emergencies. Adequate institutions and organisations, therefore, exist that meet the requirement proposed in the suggestion of the Hon'ble Members.

[Ministry of Defence O.M. No. H. 11019/4/2000/D (Parl), dated 15.9.2000]

Comments of the Committee
(Please see para No. 19 of Chapter I of the Report)

Recommendation (SI. No. 7, Para No. 47)

The Committee note that despite acquisition of Smerch MBRL system which was included in the IXth Army Plan, the system is yet to be inducted into the Army. The Committee wants to know the reasons for delay on this account.

The Committee desire that Ministry should chalk out a time bound programme for expeditious acquisition of this critically required equipment after completion of the trial in the Indian conditions.

Reply of the Government

Acquisition of Smerch MBRL system was included in the IXth Army Plan. However, in July 1998, the Army HQrs. informed that after reviewing the matter it has been decided to relegate the acquisition to the Xth Army Plan keeping in view the budgetary constraints.

In July, 1999, COAS approved the induction of one battery (6 launchers) of Smerch System along with associated equipment and ammunition on operational urgent basis in the context of OP VIJAY. Accordingly, in September, 1999, a technical delegation was sent to Russia to carry out an assessment of its combat effectiveness ascertain and suitability of Smerch MBRL, fuel air explosive ammunition, self-targetting sub-munition, warheads, etc. The delegation recommended acquisition of the system without conducting field trials in the Indian conditions.

During the examination of the proposal, a number of issues relating to the trial of the system in Indian conditions and its evaluation, transfer of technology, its impact on induction plan of Prithvi and Pinaka missiles, range of the system, effect of the blast warhead, the possibility of crossing nuclear threshold, came up. A question also arose whether Smerch should be considered as a strategic weapon system of choice. These were discussed in a meeting taken by RM on 14.3.2000. It was decided that the system should be trial evaluated in India at Balasore Proof Range with the assistance of DRDO. It was also decided that a case for acquisition of Smerch MBRL be processed for seeking approval of Cabinet Committee on Security.

The system is to be trial evaluated in Indian conditions before a decision is taken for its procurement. Presently, the modalities for conduct of trials in India and other related issues are being examined by AHQ. Meanwhile AHQ have given indications that they have received offers from other vendors also and same are under examination in AHQ. After evaluating these offers a firm proposal for trial evaluation will be sent by AHQ to MoD for consideration.

[Ministry of Defence O.M. No. H. 11019/4/2000/D (Parl.), Dated 15.9.2000]

Recommendation (SI. No. 8, Para No. 49)

The Committee hope that with the present level of funding, the on going projects will be completed within set time frame and in future there will be no delays as seen in the past. The Committee desire that the DRDO should be made accountable for delays.

Reply of the Government

The project/programme review mechanisms having wide participation by users, production agencies, quality assurance agencies, financial advisers and other development partners hold periodical reviews of the progress of the projects, thereby ensuring the accountability of the project leaders. The

recommendations of the review mechanism are accorded high priority and all out efforts are made to implement them in given time frame. DRDO has gained immense experience over the last few years in project planning and implementation and is confident that there would be no such delays in future programmes.

[Ministry of Defence O.M. No. H.
11019/4/2000/D (Parl.), PC Dated 15.9.2000]

Recommendation (SI. No. 9, Para No. 55)

The Committee note that the refitting of ships has taken unduly long time and at present Indian Navy does not have any aircraft carrier for immediate use in need. The Committee desire that Indian Navy should make advance plans so that such type of situation does not recur. In the wake of the recent budget hike the Committee hope that Navy would acquire more aircraft carriers without loss of further time.

Reply of the Government

At present, the Indian Navy has one aircraft carrier INS 'Viraat' which is currently under medium refit-cum-modernization, being carried out by M/s. Cochin Shipyard Ltd., and Naval Dockyard, Mumbai. After refit-cum modernization, the ship is likely to become available for service to the Navy by the end of 2000.

The Government has approved the construction of an Air Defence Ship (ADS) in May 1999. This ship is likely to become available to the Navy by the year 2008.

The Government of Russian Federation have offered to 'gift' "Admiral Gorshkov", an aircraft carrying cruiser to India, which will need to be repaired, modified and modernized at our expense before it can be inducted into the services of Indian Navy. An Intergovernmental Agreement on the subject is under discussion between the two sides.

[Ministry of Defence OM No.
H.11019/4/2000/D (Parl.), Dated 15.9.2000]

Recommendation (SI. No. 10, Para No. 58)

The Committee recommend that Ministry of Defence should draw up a time bound schedule to ensure that benefits of Fifth Central Pay Commission's recommendations are made available to all officers and jawans and no existing incumbent should be put to disadvantage monetarily as well as career growth on account of inordinate delay on the part of Ministry/Department. The Committee expect that Ministry would act expeditiously in a matter affecting the morale and interest of their own employees especially employees working in Naval Stores organization. In this regard, the Committee reiterate their earlier recommendation contained in their 5th Report (11th Lok Sabha) that the Ministry of Defence should have a separate Pay Commission to revise the pay scales and the service conditions of the defence personnel.

The Committee stress that the Government should give due importance to the quality of life of defence personnel and welfare of their facilities.

Reply of the Government

The benefits of the Fifth Central Pay Commission have since been made available to the Armed Forces officers and personnel including certain categories of Store Keeping personnel of Navy. Orders regarding revised pay scales and re-structuring of cadre for Naval Store Officers based on the recommendation of the Vth CPC have been issued.

So far as constitution of the separate Pay Commission to revise the pay scales and the service conditions of the defence personnel is concerned, it is stated that the practice since Third Pay Commission has been to have a common Pay Commission for civil services and the Defence Services. This centralised approach of establishing a single

Central Pay Commission for both civil and defence employees of Government of India has stood the test of time. In the event of a separate Pay Commission for the Armed Forces, the Government may not be able to resist claim from distinct groups such as Para Military forces, industrial workers etc. to have a separate Pay Commission. It has, therefore, not been considered desirable to appoint a separate Pay Commission for the Armed Forces. The Government has always been giving due importance to the quality of life of defence personnel and welfare of their families by making them available a number of facilities, concessions and allowances.

[Ministry of Defence O.M. No. H. 11019/4/2000/D (Parl.), Dated 15.9.2000]

Recommendation (SI. No. II, Para No. 63)

The Committee note that the Air Force Budget has been enhanced in order to facilitate the major acquisition programmes for the year 2000-2001. The Committee appreciate the efforts made by the Ministry for acquisition of a number of vital equipments like the Airborne Warning and Control System (AWACS), Unmanned Aerial Vehicle (UAV), Flight Refueling Aircraft (FRA), Mirage-2000, Mi-17 helicopters, Licenced Production of SU-30 aircraft, MiG-29 upgrade.

Reply of the Government

Adequate funds are available in the current year's Air Force Budget. Funds have been earmarked for the procurement of AWACS, UAV, FRA, Mirage 2000, M-17 helicopters and licence production of SU-30 AC. The cases for procurement of these systems are presently under active consideration. In fact, contracts for procurement of UAV and Mi-17 Helicopters have already been signed. For the MiG-29 upgrade, IAF proposes to undertake the programme after the MiG-27 and Jaguar upgrade programme get firmly underway. Accordingly, funding is proposed to be provided in the year 2001-02.

[Ministry of Defence O.M. No. H. 11019/4/2000/D (Parl.), Dated 15.9.2000]

Recommendation (SI. No. 12, Para No. 64)

The Committee hope that adequate and timely funding is done for all the above projects and at the same time the Ministry of Defence should streamline the procedures for acquisition of all equipments so that delays as in the case of Advanced Jet Trainer are not repeated in the other projects.

Reply of the Government

Ministry of Defence has laid down detailed procedure in 1992 for procurement of weapons/weapon systems and equipment for meeting the requirements of Armed Forces. With the objective of ensuring optimal utilization of resources placed at its disposal, the Ministry continuously endeavours to improve Defence procurement procedure for ensuring flexibility in procedures, wherever required and achieve higher levels of efficiency and accountability. A Committee has been appointed recently under the chairmanship of Vice Chief of Army Staff to review the Defence procurement procedure and suggest modifications.

[Ministry of Defence O.M. No. H.
11019/4/2000/D (Parl.), Dated 15.9.2000]

Recommendation (SI. No. 13, Para No. 69 and 70)

The Committee note that in view of the depletion in the fleet strength of the IAF, the Ministry of Defence had proposed to prepone the induction of LCA into IAF by 2003. However, the pace of work on the project appears to be very slow. The Ministry of Defence have proposed to induct it in 2005 and initial operational clearance is expected only in the year 2004 and final operational clearance two years later. During discussions it was also brought out that the ultimate induction of the LCA was linked with the

successful development of the indigenous Kaveri gas-turbine aero engine which is still undergoing test-bed trials by the DRDO and requires additional trials. While wishing for successful development of the Kaveri, the Committee is concerned to note that there is no standby/fall back option.

The Committee hope that the flight evaluation of the Light Combat Aircraft would be successful. The Committee desire that in the unlikely event of Kaveri Engine not performing as per the GSQR parameters, in this context, the whole LCA project should be reviewed by the Government. The Committee want to know the time schedule laid down by the Government for inducting the LCA in the Indian Air Force.

Reply of the Government

The first technology demonstrator (TD-I) LCA is undergoing high speed taxi trials prior to its maiden flight. There has been a further delay of about 3 months time in undertaking first flight of LCA due to mechanical as well as software snags. The first flight of TD-I is now planned in September/October 2000.

The initial flight trials are planned with GE-404 engine. Kaveri has completed more than 1000 hours of testing on multiple test beds which include 50 hours of high altitude testing at CIAM, Russia. As per current estimates, Kaveri engine is expected to be integrated with LCA in 2002. There are plans to build and simultaneously test about 20 Kaveri engines to accelerate development before production

release. The final schedule of inducting LCA in the Indian Air Force by 2005 is expected to be maintained.

[Ministry of Defence O.M. No. H.
11019/4/2000/D (Parl.), Dated 15.9.2000]

Recommendation (SI. 14, Para No. 75)

The Committee note that earlier the Ministry of Defence had given the date 2003 as the schedule for completion of upgradation work on MiG-21 aircraft. As the extended life of the aircraft may not go beyond 2010-2015, the Ministry of Defence may also take a review of the progress of this project without affecting its continuity. The Committee

desire that the Government should chalk out a schedule for completion of the work of upgradation on MiG-21 aircraft.

Reply of the Government

The last major programme review on the Design and Development (D&D) phase of the MiG-21 Bis Upgrade Programme was carried out in January 2000 and as per the revised schedule, the D&D phase is planned to be completed by 30 September, 2000.

The Design and Development of the programme is in the final stage of completion. As on date, 94 valid flights of the upgraded aircraft have been completed. "The remaining flights are planned to be completed by July 2000 and D&D phase closed by 30 Sep. 2000. Series production work has already commenced at HAL, Nasik. The task for upgrading the earmarked aircraft is expected to be completed in the year 2004.

A comprehensive technical study to extend the life of the MiG-21 Bis aircraft to 3500-4000 hrs/40 years is in progress at National Aerospace Laboratory (NAL), Bangalore. With such extension of life, the upgraded aircraft are expected to be available in service up to the year 2020. For ensuring that no further slippage occurs in the programme, it is proposed to send a joint IAF/MoD team to review the programme in close consultation with the Design Bureau and elicit firm commitment from the Russians to ensure completion by September 2000.

[Ministry of Defence O.M. No. H.
11019/4/2000/D (Parl.), Dated 15.9.2000]

Comments of the Committee

(Please *see* para 25 of Chapter I of the Report)

Recommendation (SI. No. 15, Para No. 78)

The Committee note with satisfaction the commendable efforts made by the Ordnance Factories to cater to the sudden surge of requirements of items particularly ammunition during the Kargil conflict as a result of increased consumption of items in field operations so as to replenish the depleting stocks. Similar performance of the Ordnance Factories is expected in the years to come to makeup all deficiencies wherever they exist. The Committee hope that the Ordnance Factories will make full utilization of their capacities in future also and modernisation work on the Plant and Machinery of Ordnance Factories will be taken up as scheduled in the Ninth and Tenth Defence Plans.

Reply of the Government

Ordnance Factories have shown their flexibility and responsiveness by meeting the emergent/enhanced requirements of the armed forces during the Kargil conflict. Issues of ammunition, particularly to the Army, had been substantially higher in the year 1999-2000. The total issues made by OFB to defence as well as non-defence indentors in

the year 1999-2000 were Rs. 5400.00 crore being 35% higher than the issues (Rs. 4012.00 crore) made in the previous year 1998-99. To make up the deficiencies in the stock of arms and ammunition higher targets have once again been accepted for year 2000-01; the value of issues in 2000-01 is expected to be Rs. 5713.00 crore. Ordnance

Factories will strive for fullest utilisation of capacities according to a Perspective Plan drawn up for the purpose.

Modernisation of ordnance factories will be a major thrust area in the coming years. An amount of Rs. 1241.00 crore had been planned to be invested in the IXth Plan period of which Rs. 510.00 crore have been spent upto the year 1999-2000 and balance Rs. 731.00 crore have been planned for the next two years ending 2001-02. This trend is expected to continue in the Xth plan during which period, based on the recommendation of an Expert Committee on modernisation, an additional investment of Rs. 1786.00 crore has been planned.

[Ministry of Defence O.M. No. H. 11019/4/2000/D (ParL), Dated 15.9.2000]

Recommendation (SI. No. 16, Para No. 80)

Nalanda Project

The Committee hope that the Ministry of Defence will allocate the funds as planned for all the new major projects which are likely to be taken up during the year 2000-01. The Ministry of Defence are also advised to speedily complete all formalities for obtaining sanction for the above projects.

Reply of the Government

The Budget Estimates for 2000-01 has provided for Rs. 125.00 crore for the Nalanda Ordnance Factory project which is considered more than adequate. No constraint of funds in the current as well as in coming years is anticipated.

Detailed project report (DPR) prepared by an expert/consultancy firm has since been examined by OFB and the Department of Defence Production & Supplies (DDP&S), Ministry of Defence.

Concurrently, Government of Bihar is also progressing actions for acquisition of land, finalisation of the rehabilitation package for land displaced families and other infrastructural requirements. The project is being monitored very closely.

[Ministry of Defence No. H. 11019/4/2000/D (Parl.) Dated 15.9.2000]

CHAPTER III

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

-NIL-

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (SI. No. 5, Para Nos. 40 and 41)

The Committee find on the basis of the facts brought before it that the Ministry of Defence has not shown any sense of seriousness in acquiring Weapon Locating Radars (WLRs). The enquiry in respect of this item had admittedly started in 1989 and even after a decade the Indian Army has not been able to acquire it. Our adversary is in possession of the weapon locating radar and it was used by it during the Kargil conflict to destroy our gun positions.

The Committee is seriously concerned by the degree of seeming casualness shown by the Defence Ministry in this regard. The statement made by the Defence representative that we could not buy it because it was denied to us and that the cost was very high is unsatisfactory to say the least. The Committee find that though the technical delegation which was sent to France to evaluate the Cobra WLR system has not made a formal report, a decision was taken in the Ministry of Defence that the PNC should resume negotiation with the Ukrainians for acquisition of WLRs. The Committee want to be apprised of the reasons for taking such decision to continue the negotiations. The Committee desire that the Government should take immediate steps to equip the Army with this Radar.

Reply of the Government

The Committee's concerns are noted. However, it may kindly be appreciated that inspite of serious and concerted efforts being made by the Ministry of Defence since 1995 WLR for Indian Army could not be acquired mainly due to following reasons:

- (a) due to imposition of Sanctions on India by USA.
- (b) Non-availability of many known vendors.
- (c) Inability of vendors to field the WLR for trials in India.
- (d) DRDO's limitations to develop the WLR indigenously.

Inspite of all these serious efforts were made to acquire the WLR from Ukraine, France, Russia, Germany etc. by sending RFP delegations to these countries. Only M/s Iskra of Ukraine responded to the RFP. M/s Thomson CSF France informed that they were not in a position to do so as they could not get authorisation from their partner countries.

3. Only offer received from M/s Iskra, Ukraine was examined by the Army Hqrs. and found acceptable. A delegation was accordingly sent to Ukraine to evaluate the WLR which recommended procurement of WLR from Ukraine. However, MEA had reservations on entering into major purchase deals with Ukraine in view of that country's links with Pakistan. In the above context a meeting was taken by RM on 13.3.2000 which was attended by COAS, Defence Secretary, SA to RM, FADS, AS (D), DCOAS(P&S), JS(0) and ADGWE. All relevant issues regarding acquisition of WLR were discussed in this meeting. In this meeting AHQ projected that total 8 WLR are to be acquired out of which 4 should be in fully formed, 2 in Semi Knocked Down and 2 in Complete Knocked Down form. It was also decided to obtain limited ToT to enable M/s BEL to assemble SKD/CKD kit to fully formed. Full ToT was not recommended by the SA to RM. It was also decided by RM that Army would place an LOI on DRDO BEL for development of the WLR to be procured, to meet its future requirements. Meanwhile it was noted that COBRA/WLR system being offered by DASA of Germany and developed by a European consortium is still under development and was superior in technology as compared to the Ukrainian WLR though it was also expected to be more costly.

A technical delegation visited France and Germany to evaluate COBRA WLR. The delegation's report was received on 19.5.2000. The main recommendations of the evaluation Team are as under:

- (a) According to the available information and detailed discussions, COBRA is likely to meet the GSQR parameters. This needs further validation through a dynamic demonstration live firing.
- (b) The status of production schedule and uncertainties concerning the sale of COBRA to India as provided to the Delegation by DASA rule out the acquisition of COBRA to meet our immediate operational requirements.
- (c) Further action on acquisition of COBRA should recommence only after a formal confirmation is obtained regarding clearance of sale of COBRA to India in principle by German MOD, and by other consortium members.

- (d) The COBRA option should be kept alive as a fall back option, should DRDO development not materialise in the desired time frame.
- (e) The COBRA being of latest technology should also be considered as a successor system to the WLR being procured for immediate operational requirement.
- (f) Specific recommendations at (d) and (e) have not been endorsed by the DRDO Representative, as this does not fall in the charter of the delegation that was sent for the demonstration/technical evaluation of the radar to assess the technology.

The delay in finalisation of this case has also been due to the fact that initial offer was received from M/s Iskra of Ukraine of but subsequent insistence of Ukrainian Government to negotiate the case with M/s UKRSPETSEXPORT along with M/s Iskra as they have withdrawn the licence for direct export by M/s. Iskra. There are allegations regarding involvement of agents in procurement of WLR from Ukraine which also needs to be looked into.

In view of the above as operational urgency was repetitively being expressed by the COAS to acquire WLR—a decision was taken to conduct negotiations with M/s UKRSPETSEXPORT and M/s Iskra jointly. The technical discussion between M/s BEL and M/s UKRSPETSEXPORT have since been completed and supplementary commercial offer is being obtained from the vendor for supply of SKD/CKD and ToT for integration of WLR by M/s BEL. Presently, price negotiations are in the process.

[Ministry of Defence O.M. No. H. 11019/4/2000/D (Parl.),Dated 15.9.2000]

Comments of the Committee

(Please see para No. 15 of Chapter I of the Report)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

—NIL—

NEW DELHI;
March, 16, 2001
Phalguna 25, 1922 (Saka)

DR. LAXMINARAYAN PANDEY,
Chairman,
Standing Committee on Defence.

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE
ON DEFENCE (2001)

The Committee sat on Friday, the 16 March, 2001 from 1500 hrs. to 1600 hrs. for consideration/adoption of the draft Tenth Report on Action Taken by Government on the recommendations contained in the Third Report of the Committee (Thirteenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2000-2001)

PRESENT

Dr. Laxminarayan Pandey

MEMBERS

Lok Sabha

2. Shri Vijayendra Pal Singh Badnore
3. Shrimati Sangeeta Kumari Singh Deo
4. Shri Jarborn Gamlin
5. Shri Raghuvir Singh Kaushal
6. Shri Mansoor Ali Khan
7. Shri Chandrakant Khaire
8. Shri Ashok N. Mohol
9. Shri Hannan Mollah
10. Prof. Rasa Singh Rawat
11. Shri A.P. Jithender Reddy
12. Dr. Col. (Retd.) Dhani Ram Shandil
13. Dr. Jaswant Singh Yadav
14. Dr. (Smt.) Sudha Yadav

Rajya Sabha

15. Shri T.N. Chaturvedi
16. Shri Palden Tsering Gyamtso
17. Shri Suresh Kalmadi
18. Dr. Y. Lakshmi Prasad
19. Shri Kripal Parmar
20. Dr. Raja Ramanna
21. Shri Shanker Roy Chowdhury

SECRETARIAT

- | | | |
|-----------------------|---|---------------------------|
| 1. Shri Ram Autar Ram | — | <i>Joint Secretary</i> |
| 2. Shri Krishan Lal | — | <i>Director</i> |
| 3. Shri K.D. Muley | — | <i>Assistant Director</i> |

2. At the outset the Chairman read out the condolence resolution on the sad demise of Shri Indrajit Gupta, a senior Member of the Standing Committee on Defence.

3. The Committee then considered the draft Tenth Report on Action Taken by Government on the recommendations contained in the Third Report of the Committee (Thirteenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2000-2001. The Chairman invited Members to offer their suggestions for incorporation in the Draft Report.

4. The Members suggested certain additions/modifications/amendments and desired that those be suitably incorporated into the body of the Report.

5. The Committee authorised the Chairman to finalise the Report in the light of verbal and consequential changes and for presentations of the Report to Parliament. The draft Report was then adopted.

6. * * *

The Committee then adjourned.

APPENDIX

Analysis of the Action Taken by Government on the recommendations contained in the Third Report of the Standing Committee on Defence (Thirteenth Lok Sabha) on Demands for Grants of the Ministry of Defence 2000-2001

		Percentage of of total
(i) Total number of recommendations	16	
(ii) Recommendations/Observations which have been accepted by Government (<i>vide</i> recommendations at SI. Nos. 1—16)	15	93.75%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies	NIL	NIL
(iv) Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee	1	6.25%
(v) Recommendations/Observations in respect of which final replies of Government are	NIL	NIL