

FOURTH REPORT
STANDING COMMITTEE ON DEFENCE
(2014-2015)

(SIXTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS
(2014-2015)

NAVY AND AIRFORCE
(DEMAND NOS. 23 AND 24)

Presented to Lok Sabha on 22.12.2014
Laid in Rajya Sabha on 22.12.2014



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE
ON DEFENCE (2014-15)

Maj. Gen. B.C. Khanduri, AVSM (Retd.) – *Chairperson*

MEMBERS

Lok Sabha

2. Shri Suresh C. Angadi
3. Shri Shrirang Appa Barne
4. Shri Dharambir
5. Shri Thupstan Chhewang
6. Col. Sonaram Choudhary (Retd.)
7. Shri H.D. Devegowda
8. Shri Sher Singh Ghubaya
9. Shri G. Hari
10. Shri Ramesh Jigajinagi
11. Dr. Murli Manohar Joshi
12. Km. Shobha Karandlaje
13. Shri Vinod Khanna
14. Dr. Mriganka Mahato
15. Shri Tapas Paul
16. Shri Malla Reddy
17. Shri Rajeev Satav
18. Smt. Mala Rajya Lakshmi Shah
19. Capt. Amarinder Singh (Retd.)
20. Shri A.P. Jithender Reddy
- *21. Shri Hemendra Chandra
- **22. Shri Rajyavardhan Singh Rathore

* Sad Demise on 05.09.2014.

** Ceased to be Member of the Committee on 09.11.2014.

(iv)

Rajya Sabha

23. Shri K.R. Arjunan
- ***24. Shri Anand Sharma
25. Shri Rajeev Chandrasekhar
26. Shri A.U. Singh Deo
27. Shri Harivansh
28. Shri Vinay Katiyar
29. Shri Hishey Lachungpa
30. Shri Madhusudan Mistry
31. Smt. Ambika Soni
32. Shri Tarun Vijay
- ****33. Shri Narendra Budania

SECRETARIAT

- | | | |
|-------------------------------|---|-----------------------------|
| 1. Shri P.K. Misra | — | <i>Additional Secretary</i> |
| 2. Shri R.K. Jain | — | <i>Joint Secretary</i> |
| 3. Shri D.S. Malha | — | <i>Director</i> |
| 4. Shri Lovekesh Kumar Sharma | — | <i>Additional Director</i> |
| 5. Smt. Rekha Sinha | — | <i>Executive Assistant</i> |

*** Ceased to be Member of the Committee on 08.10.2014.

**** Nominated w.e.f. 08.10.2014.

INTRODUCTION

1, the Chairperson of the Standing Committee on Defence (2014-15), having been authorised by the Committee to submit the report on their behalf, present this Fourth Report on 'Demands for Grants of the Ministry of Defence for the year 2014-15 on Navy and Air Force (Demand Nos. 23 and 24)'.

2. Due to impending elections to the Sixteenth Lok Sabha, Parliament had passed Vote on Account for the first four months of the Fiscal 2014-15 (April to July, 2014). The Demands for Grants of the Ministry of Defence were laid in Lok Sabha on 01 August, 2014. The consolidated Demands for Grants were passed by the Lok Sabha on 21 July, 2014 after suspension of Rule 331G of the Rules of Procedures and Conduct of Business in Lok Sabha. After the Demands were passed, Hon'ble Speaker observed that although the Demands have been passed by the House, they stand referred to the Standing Committees after they are constituted for examination and report so that their Recommendations are utilized in the preparation of Demands for Grants for the next Fiscal.

3. The Committee took evidence of the representatives of the Ministry of Defence on 23 September, 2014. The draft Report was considered and adopted by the Committee at their sitting held on 17 December, 2014.

4. The Committee wish to express their thanks to the officers of the Ministry of Defence and representatives of the three Services for appearing before the Committee and furnishing the material and information which the Committee desired in connection with examination of the Demands for Grants.

5. For facility of reference and convenience, the recommendations/ observations of the Committee have been printed in bold letters in Part-II of the report.

NEW DELHI;
22 December, 2014
01 Pausha, 1936 (Saka)

MAJ. GEN. B.C. KHANDURI, AVSM (RETD.),
Chairperson,
Standing Committee on Defence.

REPORT

PART I

CHAPTER I

NAVY

1.1 India is traditionally a maritime nation with 7517 km. long coastline and 1197 Islands. Security of maritime boundaries and infrastructure is vital for economic development, coastal security and checking incidents of piracy.

Budget Outlay 2014-15

1.2 Details regarding the projections made by Navy, allocations made at BE and RE stage and the expenditure incurred during the last four years along with the projected outlay and BE allocations for 2014-15, separately for revenue and capital heads are as follows:—

REVENUE (Rs. in crores)

Year	BE		RE		Expenditure
	Projected	Allocated	Projected	Allocated	
2010-11	10,723.76	9,329.67	11,147.73	9,833.52	9,979.02
2011-12	13,658.47	10,589.06	14,450.48	12,146.93	11,903.80
2012-13	15,835.71	12,548.02	15,765.78	11,401.91	11,833.65
2013-14	19,164.69	12,194.43	15,059.73	13,163.94	13,034.36
2014-15	19,570.57	13,975.79			

CAPITAL (Rs. in crores)

Year	BE		RE		Expenditure
	Projected	Allocated	Projected	Allocated	
2010-11	15,221.78	12,137.84	17,890.87	15,323.77	17,140.18
2011-12	26,882.60	14,657.83	21,482.18	17,459.08	19,211.52
2012-13	28,643.19	24,766.42	25,002.85	18,266.42	17,759.88
2013-14	33,775.53	24,149.03	27,290.06	20,418.98	20,358.85
2014-15	28,253.21	23,832.67			

1.3 Navy has made a projection of Rs. 19,570.57 crore under Revenue Head while the amount allocated for the same is Rs. 13,975.79 crore, i.e. lesser by Rs. 5,594.78 crore which is nearly 1/3rd of the projected amount. In case of Capital Head, the amount allocated is Rs. 23,832.67 crore funds under revenue against a projection of Rs. 28,253.21 crore. This amounts to a short fall of Rs. 4,420.54 crore.

Revenue Budget Analysis 2014-15

Head	Projection	Allocation	Allocation w.r.t. projection
P&A	6305.00	5665.50	89.86%
Other Heads	11662.00	6921.30	59.34%
Total	17967.00	12586.60	70.04%

6th successive year of less allocation under 'Other than Salary' segment.

Necessity for Additional Funds under Revenue

- Immediate requirement of Rs. 1884 crores.
- Meet day-to-day requirements of Operational.
- Requirement of stores (Fuel, Weapons, Armament, Spares).
- Victualling & Rations.
- Repairs/refits of platforms.
- Works (Maintenance of Infrastructure, Rentals and Tariffs).

Capital Budget 2014-15

Scheme	BE 2014-15 Projection	BE 2014-15 Allocations
Committed Liabilities	22727.09	17313.00
New Schemes	3012.30	4598.99
Land & Works	1492.15	891.81
Total Capital Budget	27231.54	22803.80

Overall Naval Budget – Trend

Fiscal Year	Percentage share of Defence Budget (BE stage)
2005-2006	17.33%
2006-2007	17.32%
2007-2008	17.45%
2008-2009	17.67%
2009-2010	13.82%
2010-2011	13.32%
2011-2012	14.13%
2012-2013	18.12%
2013-2014	16.79%
2014-2015	15.72%

(Presentation, Pg.15 and 16)

Force Level

1.4 In 2012, DAC approved 198 ships and submarines for Indian Navy. The present force level is 127 ships 15 submarines and 236 aircraft. There are presently 14 conventional submarines (including Sindhurakshak) in the Indian Navy. Most conventional submarines are over 20 years old and are reaching the end of their service life. The following is relevant:—

- (a) **Induction/De-induction in last 15 years:** One submarine has been inducted in the last 15 years (Sindhushastra in July, 2000). Further, five submarines have been deinducted over the last 15 years (Kursura in Aug. 1999, Vagir in June, 2001, Karanj in August, 2003, Vela in June 10 and Vagli in December, 2010).
- (b) **Future Induction Plans:** In the XIIth plan induction of 06 submarines of P 75 was envisaged and the present status/ plan for future induction of submarines is as follows:—
 - (i) **P 75:** Six submarines of Scorpene class (P 75) are being constructed at Mazagaon Dock Limited, Mumbai. As per the revised plan project by MDL and Indian Navy, the first of these is expected to be delivered in September, 2016 followed by induction of one submarine every nine months thereafter.

- (ii) **P 75 (I)**: Under the proposal, six submarines are to be built under Project P-75(I). Acceptance of Necessity (AoN) for the project was accorded by the Defence Acquisition Council (DAC) on 6th November 2007. During the DAC meeting held on 6th August 2010, it was decided that two submarines be built at the Collaborator's yard abroad and four submarines within the country (03 at MDL, 01 at Hindustan Shipyard Limited (HSL), Visakhapatnam), under Transfer of Technology.

Focus Areas—Submarines

- Force Level Planned 18 (Conventional).
- Existing Force Level 14+1.
- Vintage and Old submarines.
- 6XP-75 under construction at MDL, Mumbai.
- Medium Refit Life Certification (MRLC) of submarines.
- Case for six P-75 I submarines being progressed.

Accidents

1.5 The Committee have been concerned about spurt of naval accidents that have taken place in recent past and while desiring to be apprised about the same, they were intimated by the officials of Ministry of Defence as follows:

INS Sindhuratna

1.6 On 26 Feb., 2014, smoke was reported emanating in 3rd compartment of INS Sindhuratna whilst operating dived at sea, approx. 45 Nm from Mumbai. The fire was caused due to sea water spillage on Oxygen Regeneration Cartridges stowed in the 3rd compartment, which heated up resulting in fire. The recommendations of the Boards of Enquiry have identified the causes of the incident and have recommended disciplinary action against the culpable, where applicable, and have also recommended measures for mitigating the recurrence of these accidents in the future. The Board of Inquiry was constituted on 27 Feb., 2014 and has submitted its report. The BoI report is presently under examination at IHQ MoD(N).

Additional measures towards enhancing safety have been instituted to obviate the re-occurrence of incidents/accidents. Some of these measures include:—

- (a) Augmentation of Safety Organization has been undertaken by designating 'Safety Class Authorities' for respective specialist domain at Apex Level, conduct of 'Safety Audits'

for addressing mitigating measures and setting up of Incident Study and Analysis Cells (ISACs) for disseminating case studies to trainees and officers.

- (b) Training aspects are being emphasized especially with respect to Navigation/Ship Handling, Fire and Flooding training and safe handling of guns and ammunition.

INS Talwar

1.7 On the night of 23 Dec., 2013, the ship collided with an unlit fishing boat off Ratnagiri due to failure of the 'Bridge Team'.

The Board of Inquiry was constituted on 27 Dec., 2013 and has submitted its report.

Based on the report of the Bol, four officers and two sailors were found culpable and necessary disciplinary proceedings were initiated against the concerned individuals. Further, to obviate recurrence of such accidents, the following additional measures have been instituted:—

- (a) Augmentation of Safety Organization has been undertaken by designating 'Safety Class Authorities' for respective specialist domain at Apex Level, conduct of 'Safety Audits' for addressing mitigating measures and setting up of Incident Study and Analysis Cells (ISACs) for disseminating case studies to trainees and officers.
- (b) Training aspects are being emphasized especially with respect to Navigation/Ship Handling, Fire and Flooding training and safe handling of guns and ammunition.

INS Vipul

1.8 On 23 Jan., 2014, flooding incident was reported by INS Vipul due to ingress of sea water into the Tiller Flat through a crack/hole in the ship side.

The Board of Inquiry was constituted on 24 Jan., 2014 and has submitted its report.

Based on the report of the Bol, five officers were found culpable and necessary disciplinary proceedings have been initiated against the concerned individuals. Further, necessary additional measures have been instituted to obviate recurrence.

1.9 The details of aircraft accidents are tabulated below:—

Sl. No.	Date	Incident	Cause of Accident	Inquiry conducted or not
(a)	15 Oct., 2012	Crash of CH 405 (Chetak Helicopter).	Material failure of servo units in air leading to sudden un-commanded pitch up and roll to right.	Board of Inquiry convened on 15 Oct., 2012.
(b)	05 Mar., 2013	Crash of CH 440 (Chetak Helicopter).	Material Failure.	Board of Inquiry convened on 07 Mar., 2013.

Revised Cost and Timeline Cases

1.10 The cases where timeline and cost have been revised are P 15A, P 28, IAC. The revised cost for the three projects is as follows:—

Sl.No.	Asset	Original Cost	Revised Cost
(a)	P 15 A	3580 crore	11662 crore
(b)	P 28	3051.2 crore	7852.39 crore
(c)	IAC	3261 crore	19341 crore

The details with respect to time and cost overruns for each of the three cases is indicated in succeeding paragraphs:

P15A - M/s MDL—Time overrun after initial CCS was due to Infrastructural constraints at shipyard due to other naval projects progressing simultaneously and supply of Steel from Russia. Cost overrun post initial CCS sanction was due to increase in Cost of Material, Labour and Overheads and identification and assessment of cost of weapons & sensors.

P28 - M/s GRSE—Reasons for time over run after initial CCS approval are due to delay in development of steel by M/s SAIL, complexity in welding of the newly introduced steel, delay in development of indigenized weapons and sensors, finalization of Propulsion System and non-availability of critical binding data. Further, reasons for time over run after revised CCS approval are due to delay in completion of trials for critical equipment by respective OEMs and delay in receipt of other system and completion of its Trials by

Russians. Cost overrun after initial CCS sanction was due to increase in prices due to delay in commencement of construction, increase in costs of developmental projects and use of new state of the art equipment/systems.

IAC - M/s CSL—Time overrun were mainly due to non-availability of Steel; Learning Curve for CSL; delay in Russian approvals for design & equipment supply and delay in critical/unique pre-launch Indigenous Equipment. Cost overrun was mainly due to reasons of cost estimation for CCS sanction in 2002 at a time when 'form & fit' was still emerging; limited information on many Aircraft Carrier specific equipment & material due to inadequate domain knowledge; Equipment costs, emerging technological advances and new generation equipments in IAC.

1.11 The details of cases where the acquisition of the assets has been delayed is indicated in succeeding paragraphs.

NOPVs - M/s Goa Shipyard Limited—Naval Offshore Patrol Vessels (NOPVs) were contracted to M/s Goa Shipyard Ltd., Goa on nomination basis at fixed and firm cost. The contract provides a grace period of one month beyond the delivery period. Beyond this Liquidated Damages would be levied. Whilst first NOPV was delivered in time, the second, third and fourth have been delivered beyond the contractual delivery date. The primary reason for the delay has been the failure of M/s KPCL to supply the gearboxes. Fresh order for Gear Boxes had to be placed. Liquidated Damages are being levied as per the contractual stipulations. There has been no cost escalation due to delay as the contract was on fixed and firm price and LD is being levied for delay in delivery.

NOPVs - M/s Pipavav Shipyard—The contract for construction of five Naval Offshore Patrol Vessels was awarded to M/s Pipavav Defence and Offshore Engineering Co. Ltd. (PDOECL), Gujarat at fixed and firm cost. The contract was signed on 27 May, 2011. The shipyard had initially signed a contract with Russian designer M/s ROE. The same could not materialize due to protracted delays by the Russian side. The shipyard proposed alternate design partner. The proposal of the shipyard was examined and the alternate design was ratified and accordingly approval of MoD has been accorded. In view of the change in design, delay is anticipated. As per the contract, Liquidated Damages will be levied beyond the contractual delivery dates.

Fast Interceptor Crafts - M/s Solas Marine Lanka, Sri Lanka—The contract for procurement of 80 FICs was signed on 26 Aug., 2011. The contract stipulated that, first batch of FICs were to be delivered

by shipyard in July, 2012 followed by each batch at every three months interval. However, the delivery of first batch was effected by shipyard in March, 2013. Accordingly, the project is behind the contractual delivery schedule. Applicable liquidated damages subject to a maximum of 5% of the cost of FICs is being levied on shipyard. The delay was attributed to engineering/design issues. Subsequently, the issue had been resolved.

LCU Mk-IV - M/s GRSE Kolkata—The Contract for construction and delivery of Landing Craft Utility Mk-IV (LCU MK-IV) ships was with M/s GRSE, Kolkata on 29 Sept., 2011. As on date, M/s GRSE has indicated a delay of seven (07) months in the delivery of first four vessels. The major reason for the delay is due to the inability of shipyard to provide adequate manpower to the project. Delay in delivery of balance vessels has been gradually reduced. Further, the delay in the project would also lead to levying of 'Liquidated Damages' on the shipyard.

WJFACs - M/s GRSE Kolkata—The Contract for construction and delivery of Follow-on Water Jet Fast Attack Crafts (WJ FACs) was signed between MoD and M/s GRSE, Kolkata (DPSU shipyard) on 01 Mar 13. As on date, M/s GRSE has indicated three (03) months and one (01) month delay in the delivery of first and second vessels respectively. The major reason for the delay is due to the inability of shipyard to allocate adequate resources to the project. The delay in the project would also lead to levying of 'Liquidated Damages' on the shipyard.

Cadet Training Ships - M/s ABG Shipyard—A Contract for Cadet Training Ships was concluded with M/s ABG Shipyard on 27 June, 2011. In Oct., 2013, the Shipyard experienced Cash Flow problem and applied for Corporate Debt Restructuring (CDR) with the Consortium of Banks. The Shipyard has indicated that the First Ship will be delayed. Regular feedback and follow up of the CDR process is being undertaken by the Navy, and M/s ABG was asked to submit firm timelines.

Survey Vessels by M/s Alcock Ashdown Ltd., Bhavnagar—The project is a fixed Price Contract and was signed on 28 Dec., 2006. One ship was delivered on 10 Sept., 2012. Construction of balance ships has subsequently been held up due to inability of M/s AAGL to re-validate expired Bank Guarantees and receive stage payments in view of financial constraints. Reviews of the Project have been undertaken at various levels at IHQ and MoD. However, the financial

state of Shipyard resulting in inability to submit Bank Guarantees has resulted in an impasse in construction activities. Approval has presently been accorded to form a group to look into all issues of the case and forward recommendations towards 'way ahead' on the project.

1.12 The Committee desired to be apprised about the corrective steps taken by the Government in order to ensure that modernization process is not hampered. In this connection, the Ministry informed as under:—

- (a) The highest degree of probity, public accountability and transparency is ensured whilst undertaking procurements in the Indian Navy which are aligned in accordance with DPP-13 and DPM-09 for Capital and Revenue procurements respectively.
- (b) All the clauses of the standard contract document promulgated in DPP-13 are universally applicable to all the vendors. Broad time frames have been prescribed in the DPP-13 for processing of procurement cases under capital acquisition. DPP-13 mandates signing of an "Pre-Contract Integrity Pact (PCIP)" between MoD and the bidders for all procurement schemes over Rs. 100 crore.
- (c) Keeping security and other relevant aspects in view, appropriate publicity is also given to the proposed procurement with a view to generate maximum competition. Further, approvals of capital acquisition cases are progressed through collegiate bodies such as SCAPCC/SCAPCHC/DPB/DAC to achieve transparency in the procurement process.
- (d) A robust Indigenous Defence industry would aid in the modernization of the armed forces. Towards this, the Government has taken a number of steps to encourage creating indigenous defence manufacturing infrastructure. These include:—
 - (i) **Setting up of Task Force on Defence Modernisation and Self Reliance:** A Task Force, under the Chairmanship of Shri Ravindra Gupta, Former Secy. (DP), on Defence Modernization and Self Reliance was constituted by Gol to examine various aspects pertaining to indigenization, role of Indian Private Sector in Defence, absorption and upgradation of technologies in the Indian Defence Industry and such other issues related to self-reliance in defence preparedness.

- (ii) **Defence Production Policy:** The Government has put in place a Defence Production Policy, w.e.f. 01 Jan., 2011, with the objectives to achieve substantive self reliance in the design, development and production of equipment/weapon systems/platforms required for defence in as early a time frame as possible; to create conditions conducive for the private industry to take an active role in this endeavour; to enhance potential of SMEs in indigenization and to broaden the defence R&D base of the country.
- (iii) **Preferred Order for Categorization:** DPP-13 has given a substantial boost to developing indigenous Indian defence capability by adopting a preferred order of categorization wherein, the categories of 'Buy (Indian)', 'Buy and Make (Indian)' and 'Make' have been given priority over global procurements.
- (iv) **Simplification of 'Make' Procedure:** The 'Make' procedure was introduced to encourage indigenous research, design, development and production of defence products. However, the procedure was complex and involved monitoring by multiple agencies at various stages. The 'Make' procedure has accordingly been revisited and is under process for approval prior promulgation.
- (v) **Level Playing Field for the Private Sector:** The concerns of the private sector with regard to a level playing field have been addressed to some extent, by announcement of the Defence Production Policy by Hon'ble RM in Jan., 2011. Further impetus is being provided towards this by encouraging categorizations like 'Buy (Indian)' and 'Buy and Make (Indian)'.
- (vi) **Offsets as a Route to Acquire Technology:** Offsets are being used to leverage absorption of technology and to strengthen India's defence industry, particularly the private sector. Additionally, Revised Offset Guidelines have been approved and brought into force w.e.f. 01 Aug., 2012 with an aim to streamline the discharge and monitoring of offsets. The scope of discharge of offsets has also been enhanced to include civil aerospace and internal security.
- (vii) **Technology Perspective and Capability Roadmap (TPCR):** The TPCR for three Services, which is akin to an unclassified version of the long term perspective plan, has been hosted in public domain, which would enable the industry and research establishments to align their R&D efforts and investments with the future requirements of the Armed Forces.

Planning and Modernization

1.13 The Long Term Perspective Plans (LTPP) of the Navy has been drawn up since 1948 and Naval assets are built over decades on the basis of these plans. The present Maritime Capability Perspective Plan (MCP) covers 15 year period upto the XIV Plan *i.e.*, till 2027. MCP is based on a 'capability dominant and threat cum mission based approach', which is driven by national interests. The MCP envisages an optimum force mix to address future challenges. The tri-service Long Term Integrated Perspective Plan (LTIPP) and XII Plan were approved by the Defence Acquisition Council on 2nd April, 2012. The force level envisaged as per the MCP/LTIPP are being inducted progressively.

Manpower and Training

1.14 The data with regard to the gaps between the required and the existing manpower (Officers and JCOs/ORs) in Navy during the eleventh plan is placed below. The initiatives taken during the XIth Plan Period have resulted in reducing the shortage by 01 August, 2014, to 16.8 % and 17.98% for officers and sailors respectively, despite the increase in sanctioned strength to 10745 and 64677 respectively.

(a) Officers

Year	Required	Existing	Shortage	Percentage
2007	8913	7420	1493	16.75
2008	9065	7502	1563	17.24
2009	9263	7690	1573	16.98
2010	9732	7899	1833	18.83
2011	10405	8172	2233	21.46
2012	10452	8392	2060	19.70

(b) Sailors

Year	Required	Existing	Shortage	Percentage
2007	51313	48036	3277	6.39
2008	52021	48225	3796	7.30
2009	53931	47659	6272	11.63
2010	58267	47961	10306	17.69
2011	63130	48833	14297	22.65
2012	64214	49702	14512	22.60

(a) The Training Institutes for officers/sailors in the Navy are as follows:—

Sl. No.	Designation	Officers/ Sailors (O/S)	Location
1	2	3	4
1.	Dronacharya	O/S	Kochi
2.	ASW School	O/S	Kochi
3.	ND School	O/S	Kochi
4.	Maritime Warfare Centre, Kochi	O	Kochi
5.	Signal School	O/S	Kochi
6.	Diving School	O/S	Kochi
7.	Naval Institute of Aeronautical Technology (NIAT)	O/S	Kochi
8.	Observer School	O	Kochi
9.	Indian Naval Academy	O	Ezhimala
10.	National Institute of Hydrography	O/S	Goa
11.	Naval War College (NWC)	O	Goa
12.	Hamla	O/S	Mumbai
13.	Shivaji	O/S	Lonavala
14.	Valsura	O/S	Jamnagar
15.	Satavahana	O/S	Visakhapatnam
16.	Agrani	S	Coimbatore
17.	Chilka	S	Chilka
18.	NSWTTC	O/S	Goa
19.	Seamanship School	O/S	Kochi
20.	INPT School	O/S	Goa
21.	CELABS	O	Kochi
22.	School of Naval Airmen (SNA)	O/S	Kochi
23.	School of Naval Oceanology & Meteorology	O/S	Kochi

1	2	3	4
24.	Naval Shipwright School	O/S	Visakhapatnam
25.	NBCD School	O/S	Lonavala
26.	NIETT	O/S	Kochi
27.	Regulating School	O/S	Goa
28.	School for Naval Musicians (INS Kunjali)	S	Mumbai
29.	School for Medical Assistants (SMA)	S	Mumbai
30.	Institute of Naval Medicine	O/S	Mumbai
31.	Escape Training School	O/S	Visakhapatnam

(b) Regular review of training commensurate with new technical upgradations is carried out at the Southern Naval Command, which is Indian Navy's Training Command. All training establishments continuously review their own syllabus and curriculum to keep the training contemporary and in touch with changes in technology. However, a complete review of the entire sailors' training in the Navy has recently been carried out in February, 2014. The last review of officers training was undertaken in 2012.

1.15 With regard to manpower, the representatives of Navy submitted as under:—

- Manpower shortage — both service and civilian personnel.
- Trained manpower deployed for enhanced requirements of Coastal Security post 26/11.
- Ban by Ministry of Finance on creation of posts-Austerity measures.
- Severely impacting recruitment, training and deployment.
- Need for Review of Ministry of Finance ban, especially for Indian Navy.
- Focus on training infrastructure.

CHAPTER II

AIR FORCE

2.1 The application of aerospace power would prove decisive in winning the short and intense wars of the future. The upgradation of existing fleets, as well as induction of new platforms and weapons systems would enable IAF to tackle threats across the spectrum of conflict and project power in India's area of interest.

Budget Outlay 2014-15

2.2 Details regarding the projections made by Air Force, allocations made at BE and RE stage and the expenditure incurred during the last four years along with the projected outlay and BE allocations for 2014-15, separately for revenue and capital heads are as follows:—

Revenue Budget

(Rs. in crores)

Year	BE		RE		Expenditure
	Projected	Allocated	Projected	Allocated	
2010-11	17,483.60	15,210.73	15,249.01	15,003.55	14,551.07
2011-12	20,015.46	15,927.95	16,123.16	16,137.38	16,772.83
2012-13	19,887.73	17,705.81	20,942.36	17,103.72	17,529.02
2013-14	25,922.64	18,295.10	22,505.98	19,283.27	19,093.70
2014-15	27,073.41	20,506.84			

Capital Budget

(Rs. in crores)

Year	BE		RE		Expenditure
	Projected	Allocated	Projected	Allocated	
2010-11	31,667.56	25,251.72	25,271.72	24,266.79	23,625.42
2011-12	36,186.10	30,282.03	30,282.03	27,734.78	28,841.18
2012-13	36,950.52	30,514.45	36,999.62	30,517.95	32,980.11
2013-14	64,607.84	39,208.84	65,825.22	37,750.44	38,614.93
2014-15	62,408.33	33,710.68			

2.3 Air Force has made a projection of Rs. 27,073.41 crore under Revenue Head while the amount allocated for the same is Rs. 20,506.84 crore, *i.e.* lesser by Rs. 6566.57 crore. In case of Capital Head, the amount allocated is Rs. 33,710.68 crore against projection of Rs. 62,408.33 crore. This amounts to shortfall of Rs. 28,797.65 crore which is meekly higher than half of the projected amount.

Shortfall in Revenue Budget

2.4 Details regarding distribution of Revenue Budget in Non-Salary and Salary Categories:—

Sl.No.		Projection	Allocation	Shortfall
1.	Non-Salary	16642	10877	5765
2.	Salary	11032	10330	702

2.5 The Committee, during oral evidence, desired to know the impact of shortfall in Revenue Budget. The representatives of Air Force *vide* presentation given before the Committee have informed that the shortfall in Revenue Budget will lead to inability to procure spares and fuel and resultant shortfall in training as older systems require more maintenance. It was also informed that expenditure for disaster relief in Uttarakhand and Jammu and Kashmir as well as in General Elections 2014 has further added pressure on already stretched resources of Air Force.

Shortfall in Capital Budget (New Schemes)

2.6 Budget for New Schemes details of distribution of Capital Budget:—

Sl.No.		Projection	Allocation	Shortfall
1.	Committed Liabilities+works	31975	31056	909
2.	New Schemes	12395	2645	9750

2.7 The allocation for New Schemes is mere Rs. 2645 crore. The impact of shortfall in Capital Budget was stated as slowdown of modernization, delay in induction of important capabilities and resultant asymmetry in capability with respect to threat perception. The Committee desired to know the acquisitions planned for the years 2014-15. As informed these include MMRCAs, Jaguar Re-engineering, Addl. Cheetal Helicopters, MLH Upgrade, Additional Aerostats, Additional Dornier, Addl. FRA, Additional AWACS, Additional IACCS Nodes, Attack Helicopters, Heavy Lift Helicopters MAFI phase-II and VSHORADS.

Force Level

2.8 The Committee enquired about the sanctioned and existing strength of combat squadrons that Air Force possesses. The representatives of Air Force replied as under:—

“The IAF requires at least 45 fighter squadrons to counter a two front collusive threat. The IAF today has 25 active fighter squadrons as against a Government authorized strength of 42 squadrons. 14 of these fighter squadrons are equipped with the MiG-21 and MiG-27 aircraft which will retire between 2015 and 2024.”

2.9 On enquiring about the reasons for gap in the squadron strength, the Committee were informed that the gap exists because the rate at which fighter aircraft are retiring after completion of their total technical life exceeds the rate at which their replacements are being inducted into the IAF.

2.10 The Committee wished to know how the Ministry of Defence proposes to fill the gap during the 12th Plan period. Through written reply the Ministry informed as given:—

“IAF has contracted 272 Su-30 MKI fighter aircraft to form 13 Squadrons and the delivery of these aircraft is likely to be completed by 2020. Further, the series production of LCA by HAL is also awaited, to form the first LCA squadron in IAF. The MMRCA project is at CNC stage. Early induction of additional aircraft is crucial for arresting the drawdown in the strength of fighter squadrons.”

2.11 The Committee were keen to know the initiatives being taken to upgrade the force level. In this connection, it was informed that the capital procurement of IAF is undertaken in accordance with the Defence Procurement Procedure (DPP), which lays down timelines 23 for various stages of the procurement process. All efforts are made to adhere to these laid down timelines. The actual timelines achieved *vis-à-vis* the timelines stipulated in the DPP are appended below:—

Sl. No.	Stage of Procurement	Average Time (Weeks)		Remarks
		As per DPP	Time Taken	
1	2	3	4	5
Pre-CNC Stage (37 cases)				
1.	Acceptance of Necessity	—	—	—
2.	Initiation of draft RFP for collegiate vetting at MoD	4	8	12 weeks for cases of ToT/MToT

1	2	3	4	5
3.	Issue of RFP	4	10	
4.	Pre-Bid meeting	6	6	
5.	Dispatch of Pre-Bid Reply	3	4	
6.	Receipt of Responses	3	6	
7.	Completion of TEC Report	12	20	
8.	Acceptance of TEC Report	4	4	
9.	Completion of Field Evaluation (Trials)	20-45	40	
10a.	Completion of TOEC	4-8	30**	
10b.	Acceptance of TOEC	4	4**	**Concurrent activity
11.	Completion of Staff Evaluation	4	5	
12.	Acceptance of Trials/Staff Evaluation Report	4	4	
13.	Acceptance of TOC report (if applicable)	4	5	
Post-CNC Stage (27 cases)				
14.	Time taken for CNC	18-26	36	
15.	Time taken for CFA approval	04-16	13.5	
16.	Time taken for signing of main and offset contract	02	05	

2.12 The complexity in certain procurement cases leads to delays. DPP provides for seeking firm and fixed commercial offers from vendors and in case of delays, the vendors are asked to extend the validity of commercial offer before the contract is finalised. Defence Procurement Procedure is also reviewed and refined on the basis of experience gained.

Trainer Aircraft

2.13 On the issue of trainer aircraft, Committee wished to be informed about the number of authorised trainer aircraft/simulators and their existing strength. In this regard, the reply of the Ministry is stated as under:—

“IAF is currently holding trainer aircrafts under its inventory which include Basic Trainer Aircraft (BTA), Intermediate Jet Trainer (IJT)

consisting of Kiran Mk-I/IA and Kiran Mk-II, and Advanced Jet Trainer (AJT). The existing strength of trainer aircraft is 253 as against the sanctioned strength of 430. Simulators have also been provided for each type of aircraft.

The IAF proposal for the procurement of 106 BTA (PC-7 MK-II) under 'Buy and Make (Indian)' categorization is under process.

The Kiran aircraft have already started retiring and were planned to be replaced by the HAL built IJT; however, the IJT has been under development since 1999. In view of the above, the IAF is looking for other available options for Intermediate Flying Training. A Request for Information (RFI) for the same was posted on the MoD website on 25 February, 2014 and the response received are being examined at Air HQ.

The IAF has contracted a total of 106 Hawk Mk-132 AJT aircraft. The deliveries are likely to be completed by 2016."

2.14 The Committee were concerned to know the strategy being pursued to fill the huge gaps in sanctioned and existing trainer aircraft. The Ministry through written reply, submitted as under:—

"The procurement of simulators is built into the contracts of all aircrafts that the IAF is now procuring. This includes Fixed Base Full Mission Simulators, Cockpit Procedure Trainers, Avionics Part Task Trainer, Flight Training Devices (FTD) and Computer Aided Learning Systems.

The basic and advanced stages of flying training are being conducted on the Pilatus PC-7 Mk-II and Hawk Mk-132 aircraft respectively. Both these types are modern aircraft and as on date no upgradation is planned on them. The intermediate stage of flying training is presently being conducted on the Kiran Aircraft which have already started retiring. The Kiran Aircraft were planned to be replaced by the HAL built Intermediate Jet Trainer (IJT). However, the IJT has been under development but has still not achieved Initial Operational Clearance (IOC). In view of the above, IAF is looking for other available options also for Intermediate Flying Training. A RFI for the same was posted on the MoD website on 25 February, 2014 and the responses received are being examined at Air HQ."

Serviceability

2.15 The Committee while noting the dismal scenario in case of strength of Combat squadrons and trainer aircraft desired to know

about the status of serviceability of the existing platforms. On this issue, the Committee were informed as:

“Sir, the first thing is that whatever we have, we should be able to utilise it effectively, efficiently and there we have problems because the serviceability of the fleet need to improve further. This is the challenge which we have taken upon ourselves, the Air force, the HAL and other manufacturers that whether from the present serviceability we can get more. In any case that would ensure that if I have 100 aircraft available today because of the serviceability level that may mean that I have 125 aircraft to fight. At least, maximise effectiveness of what we have. That is the first challenge that I see for the Air Force. This necessarily require more allocation in terms of revenue allocation which means that I need more of spares, I need more of upgradation and so on and so forth, for which always money would be need and one of the reasons why we are not able to achieve the right level is the fund availability.”

2.16 In this connection, the representatives of Ministry of Defence further made the following submission:—

“The third area which has not fully been touched upon but I would like to submit is that our own ability to produce and service different platforms is something which we need to address. That is a broad area. It also falls in with the present scheme of ‘Make in India’ which needs to be emphasised and we need to go a long way into this area both in terms of research and development as well as production. We have made some beginnings in terms of light combat aircraft ALH Helicopter. Recently, we have taken two decisions that an above category aircraft to be produced through domestic industry or light utility helicopters to be made in India. Now, these are the measures which would give a long-term benefit to the Air Force because it would create a domestic industry; it would enable the spares to be available; it would enable upgradation; and therefore, for Air Force. I treat that as a very significant area of change. We need to achieve it and as I said we have started making some changes in that direction.”

Modernization of Air Force Bases

2.17 With regard to the condition of Air Force Bases, the Committee were informed as under:—

“The fifth area which I would like to submit is our own infrastructure in terms of my air fields in the front areas which means infrastructure in Leh-Ladakh areas and in North-East. Again projects

have been undertaken for that. They will take their own time to fruition but this is a very important area for the country. Coupled with that is that the automatically hardened shelters which need to exist for every single player so that we are not caught by surprise as has happened in different parts of the world. All of them are in progress. But the pace of progress is determined always by the budget availability where I had submitted to you yesterday that under the civil head our Engineer-in-Chief, every year, is doing about Rs. 10,000 crore of work but he has a pending request of about Rs. 60,000 crore. Therefore, this indicates to us that what sort of catching up on infrastructure that I may require to do.”

Manpower and Training

2.18 The Committee examined the status of manpower in Air Force and desired to be informed about any existing shortfall. In this regard, the Committee were intimated by the representatives of Ministry of Defence as under:—

“I would like to submit once again about the availability of manpower. A fighter plane need not have just one set of pilots. I may have three set of pilots because the plane can fly over and over again but a fatigue pilot cannot. Therefore, if I have to improve the availability of the fighter aircraft for fighting, if I can simply increase the manpower, I change the scenario and my effectiveness. Again, something which has been covered that we are trying to induct more pilots but again this is a process which takes its own time and we have started moving in that direction. Simultaneous with that is what is my training infrastructure. The Air Force follows a pattern of three-stage training which is a basic trainer aircraft, to some measure the demand has been satisfied and there are more purchases to be made there. The second level of training which Air Force follows is on an intermediate jet trainer which is a problem area for us because this task has been assigned to HAL and this aircraft is yet to come into being. Therefore, we are delayed and we have difficulties in training. The third is advanced jet trainer which is being produced in India and we are, generally, able to satisfy that requirement. Therefore, my training infrastructure, in terms of three levels of aircrafts, has to be fully exist. Simultaneous with that aircraft has successfully inducted simulators for practically all platforms. We are trying to improve it further but I would confine to say that practically for all platforms today we have simulators which are of very big help in reducing the number of hours that a pilot has to fly. It enables and improves his ability to handle different contingencies.”

Air Defence Capability

2.19 The Committee wanted to know the status of Air Defence capability that the country today has and how far the induction of Akash Missile has enhanced this capability. In this connection, it was informed as given:—

“I would like to highlight before the hon. Committee is about our air-defence ability. Aakash has started getting inducted. It is helping but our present air-defence systems are not up to the mark. They need very substantive improve and therefore, this the last and six high priority area that I would like to flag for the information of the hon. Committee.”

RECOMMENDATIONS/OBSERVATIONS

Budgetary provisions for Navy

1. The Committee note that although Navy had projected an amount of Rs. 19,570.57 crore as budgetary allocation for 2014-15, it has been allocated an amount of Rs. 13,975.79 crore, which amounts to a shortfall of Rs. 5,594.78 crore *i.e.* nearly 1/3rd of the projected amount. The Committee also note that the Revenue Budget shortfall mainly affects 'Other than Salary' heads where the projection of Navy was to the tune of Rs. 11,662 crore while allocation is made of Rs. 6,921.30 crore, hence only 59% of the money solicited. This is the 6th successive year of lesser allocation under 'other than salary' segment. During evidence, the officials of Indian Navy submitted that there is a need for additional funds under revenue head to meet day-to-day requirements of Operational Deployments (including Anti-Piracy Patrols) and Coastal Security. In addition, requirement of stores (Fuel, Weapons, Armament, Spares), Victualling and Rations, Repairs and Refits also needed. Hence, there is an immediate requirement of Rs. 1884 crore. Therefore, the Committee recommend that the requirement of Navy for additional funds under revenue head should be looked into and the Committee be informed about the same.

2. In case of Capital Budget, maximum strain is laid on committed liabilities. Wherein the projection was to the tune of Rs. 22,727.09 crore, the allocation amount is only Rs. 17,313.00 crore thus amounting to a shortfall of Rs. 5,414.09 crore. The Committee do not understand as to how the expenditure for committed liabilities will be adjusted by Navy. The Committee feel that a cut of Rs. 5400 crore, is quite a substantial amount and will further add up to the plight of the Indian Navy. Therefore, the Committee opine that Navy should be provided adequate funding towards committed liabilities.

3. During the course of deliberations, it came to the notice of the Committee that share of naval budget to the total defence budget has fallen down to 15.72% in 2014-15 from 16.79% in 2013-14 and 18.12% in 2012-13. The Committee are perturbed to find that in recent times there have been spurt in accidents which has been separately dealt with in succeeding paras. However, it is important to mention that in most of the cases of accidents, the

cause is either material failure or human error. This implies that either the equipment and machinery acquired are substandard or there are inadequacies in training. The Committee feel that the inadequate funding will further aggravate the condition of Indian Navy and lead to compromises in operational preparedness. Therefore, it is absolute necessity to allocate ample funds to Navy under intimation to this Committee.

Force Level

4. In 2012, Defence Acquisition Council approved a total of 198 ships and submarines in order to equip Navy for safeguarding national interests. However, presently Navy has 127 ships and 15 submarines *i.e.* total of 142 vessels. The Committee were informed that 41 ships and submarines are under construction in the country. These include indigenous aircraft carrier at Cochin Shipyard, 06 destroyers and 06 submarines at Mazagaon Dock, etc. At the same time it has also come to the notice of the Committee that 7 of our MCMVs are over 25 years old and require replacement. With regard to submarines, it was revealed that there are presently 14 conventional submarines (including Sindhurakshak) with the Indian Navy. Most conventional submarines are over 20 years old and are reaching the end of their service life. As far as strength of submarines is concerned, 18 are planned though existing force level is much less and most of them are vintage and old. The Committee are concerned to note that during the last 15 years only one submarine has been inducted (Sindhushastra in July 2000) and five submarines have been deinducted. The Committee are further dismayed at the snail pace of commissioning of vessels in Navy. The Committee are further dismayed to learn the fact that commissioning and decommissioning of ships are not analogous. It's high time that adequate budgetary provisions are made to Navy so that deficiencies are mitigated and the country is capable to take on two front challenges.

5. According to DAC 2012, the sanctioned strength of vessels for Navy includes submarines, ships, aircraft carriers, etc. Some projects such as P 15 A, P28, Indian Aircraft Carrier (IAC), P75 and P75(I) are streamlined and under progress at various shipyards in the country. However, the Committee are worried about regular delays and cost overruns occurring in different projects. In case of IAC, the original sanctioned cost was Rs. 3261 crore which has been revised to Rs. 19,341 crore *i.e.* six times cost escalation. In case of P15A, the cost has been revised to Rs. 11662 crore from Rs. 3580 crore and dates have been revised from 2009-10 to 2015-16. The Committee

feel that there have been long delays and cost overruns in almost all the acquisition activities. Similarly, in case of aircraft carrier 'Vikramaditya', there had been huge cost escalation due to repeated time extensions. These time and cost overruns in almost all the projects is a major cause of concern. For long, country's defence needs have been lying unattended and huge gaps have emerged in Force Level. It's high time that adequate budgetary support is made along with necessary operational reforms at shipyards and other construction sites. The Committee desire that appropriate action be taken by the authorities concerned so that high valued projects should not be affected by time and cost overruns. The measures so initiated be apprised to the Committee.

Accidents

6. There have been spurt in accidents of naval vessels in the recent past which include INS Sindhurakshak, INS Vipul, INS Talwar, etc. The Committee are highly concerned about the increasing number of accidents in defence vessels. These accidents result not only in material loss but also in irreparable loss of human lives besides, putting a question mark on the level of maintenance and security. The Committee found that in most of these cases, the reasons for mishap is either material failure or human error. The Committee desire that the Ministry of Defence must ensure that these cases be investigated and reach culmination. The Committee would like to be apprised about inquiries, investigations held and judgements executed in case of each and every accident. The Committee also desire that the recommendations, if any, given by any agency and the action taken thereon by the Ministry of Defence as well as naval authorities be apprised to them.

Manpower and Training

7. During the examination of Demands for Grants 2014-15, the Committee noted that the percentage of shortage of officers and sailors in Navy has increased over the years. It was 16.75% for officers in 2007 which increased to 19.70% in 2012. The shortfall for sailors has increased from 6.39% in 2007 to 22.60% in 2012. The Committee take serious note of the shortage of manpower and desire that effective initiatives be taken to mitigate the gaps in the existing and sanctioned strength of manpower including officers, sailors and civilians in Navy. The Committee were informed by the representatives of Navy that ban by the Ministry of Finance on creation of posts due to austerity measures is severely impacting

recruitment, training and deployment, hence, there is a need to review the ban imposed by the Ministry of Finance for Indian Navy. The Committee desire that the Ministry of Defence may look into the matter and take appropriate action in this regard under intimation to them.

8. Alongwith induction of new manpower, commensurate training should also be imparted to the recruited work force and periodical review of training should also be undertaken. The Committee found that the last review of officers training was undertaken in 2012. The Committee opine that in today's world, continuously changing technological upgradation should be regularly incorporated in study manuals and training modules. Therefore, annual review of training for both officers and sailors should be undertaken without fail.

AIR FORCE

Capital Budget

9. While examining the subject, the Committee found that Air Force had projected a requirement of Rs. 62,408.33 crore for Capital Budget while the amount actually allocated is Rs. 33,710.68 crore, which is nearly half of the projections. Further, it was revealed during deliberations that out of total Capital Budget, there was a demand of Rs. 12,395 crore exclusively for 'New Schemes'. However, the actual allocation for this head is merely Rs. 2645 crore. Thus, amounting to a shortfall of Rs. 9750 crore in this segment *i.e.* 80% of the projections. The Committee are baffled at such a meagre allocation as Air Force has a long list of projects planned for induction during the year 2014-15, which include Medium Multi-Role Combat Aircraft (MMRCA), Jaguar Re-engineering, Addle Cheetal Helicopters, MLH Upgrade, Additional Aerostats, Additional Dornier, Addl. FRA, Additional Airborne Warning and Control System (AWACS), Additional IACCS Nodes, Attack Helicopters Heavy Lift Helicopters, Modernization of Air Field Infrastructure (MAFI) phase II and VSHORADS. The Committee here feel that this is a state of adhocism in planning and budgeting and an apparent case of callousness and non-seriousness. The Committee while deploring this attitude of non-commitment and insincerity, desire that accountability and commitment has to be incorporated in the entire process of planning, budgeting and execution. Only then, one could expect the desired results. In any case, as per Ministry's own submission the impact of shortfall in Capital Budget will lead to slowdown of modernization,

delay in induction of new capabilities and resultant asymmetry in capability with respect to threat perception. The fact that on the one hand Air Force has audacious acquisitions and upgradation plans for the coming year while on the other hand the Ministry has made feeble allocation of Rs. 2645 crore. This appears to demonstrate a insincere approach of the Ministry. The Committee strongly recommend that adequate funds should be allocated for 'New Schemes', so that already worsened situation in respect of depleted air fleet, infrastructure and modernisation of Air Force is not further aggravated.

Revenue Budget

10. The Committee find that in case of Revenue Budgeting also, the scenario of deficit budgeting was quite evident. The amount projected by Air Force was Rs. 27,073.40 crore while the actually allocated amount is Rs. 20,506.84 crore. Out of the total Revenue Demands, Rs. 16642 crore was asked for non-salary expenses. However, the amount actually allocated under this Head is Rs. 10877 crore, thus resulting into a shortfall of Rs. 5765 crore. Representatives of Air Force candidly submitted that Revenue Budget constraint will impact procurement of spares and fuel and resultant shortfall in training as older systems require more maintenance. It was also informed that expenditure for disaster relief in Uttrakhand and Jammu and Kashmir as well as in General Elections 2014 has further added pressure on already stretched resources of Air Force. The Committee, observe that there is already huge shortage of air fleet from the sanctioned strength and any further constraint on spares will lead to shortfall in serviceability and hence impact availability adversely. The Committee are perturbed to find that the entire scenario is dismal and recommend that adequate budget should be allocated against revenue head so as to ensure that spares and serviceability do not suffer any further.

11. Besides this, adequate funding for fuel should also be provided since scarcity for fuel will adversely impact training facilities and the Committee are apprehensive that any compromise in training will be detrimental for the safety of our pilots. The Committee want to be intimated about the same.

Squadrons Strength

12. The Committee were informed by the representatives of Indian Air Force that IAF today requires at least 45 fighter squadrons to counter a two front collusive threat but the Government has

authorized a strength of 42 squadrons for this purpose. This revelation is astonishing as on the one hand Indian Air Force (IAF) had made a submission that they would require at least 45 squadrons while on the other hand Ministry is sanctioning 42 squadrons. The Committee feel that this paradox needs to be rectified at the earliest.

13. With regard to existing squadron strength, it is learnt that we are down to 25 squadrons today even though authorization is for 42 combat squadrons. Thus our capability has already come down. In a candid submission, it was admitted by the representatives of Air Force that our capability *vis-à-vis* our neighbours is fast eroding. Further, it was also found that Air Force today has only 25 active fighter squadrons. Moreover, 14 of these squadrons are equipped with MiG-21 and MiG-27 which will retire between 2015-2024. Thus the strength will be reduced to just 11 squadrons by 2024. The Committee came to know that this widening gap occurred because the rate at which fighter aircraft are retiring after completion of their total technical life exceeds the rate at which their replacements are being inducted into the IAF. In this regard, the Committee further enquired about the initiatives being taken in order to mitigate these gaps in the squadron strength and found that Air Force has contracted for 272 Su-30 MKI fighter aircraft to form 13 Squadrons and the delivery of these aircraft is likely to be completed by 2020. This means that Air Force will be able to add 13 squadrons in its kitty only by 2020. However, the strength will be raised to the extent of 24 squadrons. Further, the series production of Light Combat Aircraft (LCA) by Hindustan Aeronautics Limited (HAL) is also awaited, to form the first LCA squadron in IAF. The Medium Multi-Role Combat Aircraft (MMRCA) project is at Contract Negotiation Committee (CNC) stage. It is needless to say that an early induction of additional aircraft is crucial for arresting the downward trend in the strength of fighter squadrons. The Committee find the situation to be very grim and it is quintessential for the Ministry to ensure smooth and adequate flow of funds and providing easier induction procedure for attaining the requisite squadron strength. More distressing is the fact that only Rs. 2645 crore has been allocated for 'New Schemes' in this Budget. The Committee are constrained to observe that country's security requirements are being compromised by ignoring consistently widening gap between sanctioned and existing strengths. The Committee desire that concrete and prompt steps be initiated expeditiously to induct sufficient number of functional platforms and a status report in this regard be submitted to the Committee.

Speedy Procurement

14. In the opinion of the Committee, one of the reasons for the plight of our combatant strength in the skies is considerable delays in procurement of various platforms. During the examination of the subject, it was found that capital procurement of IAF is undertaken in accordance with the Defence Procurement Procedure (DPP), which lays down timelines for various stages of the procurement process. All efforts are made to adhere to these laid down timelines, albeit the complexity in certain procurement cases leads to delays. The DPP provides for seeking firm and fixed commercial offers from vendors and in case of delay, the vendors are asked to extend the validity of commercial offer before the contract is finalised. The DPP is also reviewed and refined on the basis of experience gained. As per the information submitted by the Ministry, it was found that there are 37 cases of procurement pending at 13 different pre-Contract Negotiation Committee (CNC) stages. According to this information the time taken at each stage is sufficiently more than what is accorded by DPP. Further, it was also found that 27 cases are lying at post CNC stages. This makes a total of 64 cases of pending capital procurements. The Committee are not happy with such an indolent state of affairs because of the DPP. They are of the opinion that if this trend is allowed to continue, all the important acquisitions will keep languishing resulting in compromising the National security in a big way. What the Committee want is that the Ministry should come out of its indolence and start looking towards IAF problems with an open mind where acceptance of shortfalls, envisaged acquisitions, proposed timelines and achieved targets get synchronized so that National interest is given utmost importance. The Ministry should take initiatives towards this end under intimation to this Committee.

Training

15. On the issue of trainer aircraft, the Committee has found that IAF is currently holding trainer aircrafts under its inventory which include Basic Trainer Aircraft (BTA), Intermediate Jet Trainer (IJT) consisting of Kiran Mk-I/IA and Kiran Mk-II, and Advanced Jet Trainer (AJT). The existing strength of trainer aircraft is 253 as against the sanctioned strength of 430. Simulators have also been provided for each type of aircraft. It is noticeable that there is a shortage of nearly 40% of trainer aircraft. In this regard, the IAF's proposal for the procurement of 106 BTA (PC-7 MK-II) under 'Buy and Make (Indian)' categorization is under process. It has been

informed that the Air Force follows a pattern of three-stage training on a BTA. In this category the demand has been satisfied to some measure and more purchases to be made there. The second level of training which Air Force follows is on an IJT which is a problem area because this task has been assigned to HAL and this aircraft is yet to come into being. The third is AJT which is being produced in India and the country is generally able to satisfy that requirement. The Committee here find that IJT, the Kiran aircraft, have already started retiring and were planned to be replaced by the HAL built IJT; however, the IJT has been under development since 1999 and still certain difficulties are being faced in its induction. In view of the above, IAF is looking for other available options for Intermediate Flying Training. A Request for Information (RFI) for the same was posted on the Ministry of Defence website on 25 February 2014 and the responses received are being examined at Air HQ. The IAF has contracted a total of 106 Hawk Mk-132 AJT aircraft and their deliveries are likely to be completed by 2016. The Committee desire that urgent measures should be taken to ensure timely deliveries of the same under intimation to this Committee.

16. The Committee were concerned to know about the strategy being pursued to fill the huge gaps in sanctioned and existing trainer aircraft. The Committee feel that one of the important factors in grooming Air Force is provision of adequate training facilities to the personnel. It is indeed unfortunate to disclose that there are huge deficiencies in trainer aircraft. The Committee in their earlier report have consistently taken up the issue of basic trainer. The status of IJT is quite disturbing. The Committee are unhappy that HAL has not been able to deliver IJT to Air Force even after 15 years of commencement of the project and such non-performance derails the modernization and Indigenisation drive of defence forces. The Ministry has resorted to looking for alternatives only in early 2014 that too only on consistent pursuance of the Committee. In this connection, the Committee desire to be informed about the response received in regard to RFI and are concerned that IJTs are acquired in time so that training modules are not hampered for lack of aircraft. The Committee also recommend that HAL is appropriately dealt with for not being able to timely deliver IJTs to Air Force. The Committee should be intimated about the concrete action taken in this regard.

Serviceability

17. The Committee, while noting the dismal scenario in case of strength of Combat squadrons and trainer aircraft, desired to know about the status of serviceability of the existing platforms. In this

regard, the Committee were informed by the representatives of Ministry of Defence that the serviceability of the fleet need to improve further. It was also submitted that this is the challenge which needs to be dealt with comprehensively. The Committee are given to understand that with the serviceability of fleet, IAF could easily enhance its fighter fleet, provided necessary additional allocations, in terms of revenue allocation is made to enable the Air Force to get needed spares and upgradation. The Committee are of the opinion that lack of resources is one of the major factors which is affecting the serviceability. The Committee further observe that our own ability to produce and service different platforms needs to be properly addressed. It also falls in line with the present scheme of 'Make in India' which needs to be emphasized and the Ministry and its organisations need to go a long way into this area both in terms of research and development as well as production. The Committee note that some beginnings have been made in terms of light combat aircraft, ALH helicopters, etc. These measures have to be enhanced as this would give a long-term benefit to Air Force because by creating a domestic industry, it would ensure availability of the spares and upgradation. The Committee earnestly desire that if the country has to achieve this goal, the Ministry must chalk out a comprehensive plan without loss of time and intimate the Committee about the same.

Manpower

18. The Committee understand that availability of sufficient and skilled manpower is indispensable for efficient services. Therefore, if the Air Force has to improve the availability and effectiveness of the fighter aircraft, it can be increased by having skilled and trained manpower. In this regard, it is equally important to have sufficient recruitment and proper training facilities. The Ministry of Defence should take measures towards this end and the Committee be kept informed about the measures taken in this regard.

Modernization of Air Force Bases

19. The Committee are given to understand that infrastructure for airfields in forward areas viz. Leh, Ladakh and the North-east, is a cause of concern. Although infrastructure development projects have been undertaken, but these will take their own time to fruition. The Committee find that this has to be coupled with automatically hardened shelters which need to exist for every single aircraft so that we are not caught by surprise as has happened in different

parts of the world. The Committee understand that the pace of progress is determined always by the availability of budget. The Committee observe that unless the infrastructure projects are completed in time, effectiveness of all other assets, be it fleet or manpower, will be obviated. Hence, they recommend that in addition to availability of funds, these are optimally and transparently utilized. The Ministry of Defence must ensure this and intimate the Committee about the initiatives taken in this regard.

NEW DELHI;
22 December, 2014
01 Pausha, 1936 (Saka)

MAJ. GEN. B.C. KHANDURI, AVSM (RETD.),
Chairperson,
Standing Committee on Defence.

APPENDICES

STANDING COMMITTEE ON DEFENCE

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON DEFENCE (2014-15)

The Committee sat on Tuesday, the 23rd September, 2014 from 1100 hrs. to 1306 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Maj. Gen. B.C. Khanduri AVSM (Retd.) — *Chairperson*

MEMBERS

Lok Sabha

2. Shri Dharambir
3. Shri Thupstan Chhewang
4. Col. Sonaram Choudhary (Retd.)
5. Shri Sher Singh Ghubaya
6. Shri G. Hari
7. Dr. Murli Manohar Joshi
8. Shri Vinod Khanna
9. Dr. Mriganka Mahato
10. Col. Rajyavardhan Singh Rathore (Retd.)
11. Shri Malla Reddy
12. Shri Rajeev Satav
13. Shri A.P. Jithender Reddy

Rajya Sabha

14. Shri Narendra Budania
15. Shri Rajeev Chandrasekhar
16. Shri A.U. Singh Deo
17. Shri Harivansh
18. Shri Vinay Katiyar
19. Shri Madhusudan Mistry
20. Smt. Ambika Soni

SECRETARIAT

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|-------------------------------|------------------------------|
| 1. Shri R.K. Jain | — <i>Joint Secretary</i> |
| 2. Shri D.S. Malha | — <i>Director</i> |
| 3. Shri Lovekesh Kumar Sharma | — <i>Additional Director</i> |
| 4. Shri Rahul Singh | — <i>Under Secretary</i> |

WITNESSES

1. Shri R.K. Mathur, Defence Secretary
2. Shri A.K. Bishnoi, Addl. Secy. (B)
3. Shri A.K. Gupta, AS (DP)
4. Shri Arunav Dutt, FA (DS)
5. Shri Rajnish Kumar, JS & Addl. FA
6. Smt Devika Raghubansi, JS & Addl. FA
7. Shri RG Vishwanathan, JS & Addl. FA
8. Air Mshl. R.K. Sharma, VCAS
9. Air Mshl. S.B.P. Sinha, DCAS
10. Air Mshl. S.B. Deo, DG Air (Ops)
11. Air Mshl. B.B.P. Sinha, DG (Wks & Cer)
12. Air Mshl. S. Sukumar, AOP
13. Air Mshl. V.M. Khanna, DG (AC)
14. AVM S.M. Subhani, ACAS (Fin. P)
15. AVM S. Harpal Singh, ACAS (I)
16. AVM Sandeep Singh, ACAS (Plans)
17. AVM B.R. Krishna, ACAS(Projects)
18. VAdm. Sunil Lanba, VCNS
19. RAdm K.K. Pandey, DGNO Offg.
20. RAdm A.B. Singh, ACNS (P&P)
21. Cmde. Dinesh K. Tripathi, PDNP
22. Lt. Gen. R.P. Dastane, DCIDS (PP&FD)
23. Maj. Gen. Ranbir Singh, ADG MO(A)
24. AVM D.S. Rawat, ACIDS (FP)
25. Dr. Avinash Chander, SA to RM
26. Lt. Gen. Anoop Malhotra, CCR&D (R&M)

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the sitting. The Committee then invited representatives of the Ministry of Defence,

Air Force, Navy and Joint Staff. The Chairperson welcomed the representatives to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker Lok Sabha. The Chairperson initiated the discussion and requested the representatives of the Ministry of Defence to brief the Committee on the various issues in agenda which included lesser allocations for Air Force and Navy especially under new schemes head as well as overall Demands for Grants of Air Force and Navy.

3. The representatives of the Ministry commenced their briefing through a power point presentation on Air Force. The Committee, thereafter, held detailed deliberations on various issues in the context which included marginal allocation for new schemes, lesser allocations due to committed liabilities, preparedness of Air Force in case of two front war scenario, plane crashes, etc. The representatives of the Ministry and Air Force responded to various queries raised by Members during the deliberations. As regards the points on which the representatives could not readily respond, they ensured to furnish written information at the earliest.

4. Therefore, a presentation of Navy was shown which was followed by queries from Members which included lesser allocations due to committed liabilities, fleet obsolescence, shortage of manpower etc. The representatives of the Ministry of Defence replied to the different queries posed by Members.

5. Thereafter, a presentation on Integrated Defence Staff was mark by the representatives of the Ministry and followed by deliberations of the subject which included tackling cyber crime in Defence establishments, etc. The Chairperson told the representative of the Ministry of Defence to furnish written replies to the queries which were not readily available at the earliest.

A copy of verbatim record of the proceedings has been kept.

The Committee then adjourned.

STANDING COMMITTEE ON DEFENCE

MINUTES OF THE EIGHTH SITTING OF THE STANDING
COMMITTEE ON DEFENCE (2014-15)

The Committee sat on Wednesday, the 17th December, 2014 from 1500 hrs. to 1550 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Maj. Gen. B.C. Khanduri AVSM (Retd.)—*Chairperson*

MEMBERS

Lok Sabha

2. Shri Suresh C. Angadi
3. Shri Shrirang Appa Barne
4. Shri Dharambir
5. Shri Thupstan Chhewang
6. Shri H.D. Devegowda
7. Shri G. Hari
8. Km. Shobha Karandlaje
9. Shri A.P. Jithender Reddy

Rajya Sabha

10. Shri A.U. Singh Deo
11. Shri Harivansh
12. Shri Tarun Vijay

SECRETARIAT

- | | |
|-------------------------------|-------------------------------|
| 1. Shri P.K. Misra | — <i>Additional Secretary</i> |
| 2. Shri R.K. Jain | — <i>Joint Secretary</i> |
| 3. Shri D.S. Malha | — <i>Director</i> |
| 4. Shri Lovekesh Kumar Sharma | — <i>Additional Director</i> |
| 5. Shri Rahul Singh | — <i>Under Secretary</i> |

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee. The Committee then took up for

consideration and adoption of the following draft Reports on Demands for Grants 2014-15 of the Ministry of Defence:—

- (i) General Budget (Demand No. 20, 21 and 27);
- (ii) Army (Demand No. 22);
- (iii) Navy and Air Force (Demand No. 23 and 24); and
- (iv) Ordnance Factories and Defence Research and Development Organisation (Demand No. 25 and 26).

3. After deliberations the Committee adopted the above reports with slight modifications in respect of recommendations.

4. The Committee, then, authorized the Chairperson to finalise the above draft Reports and present the same to the House on a date convenient to him.

The Committee then adjourned.