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**STANDING COMMITTEE
ON DEFENCE
(2007-2008)**

FOURTEENTH LOK SABHA

MINISTRY OF DEFENCE

*[Action Taken by the Government on the Recommendations contained in the
16th Report of the Committee (Fourteenth Lok Sabha) on Demands
for Grants of the Ministry of Defence for the year 2007-08]*

TWENTY-SIXTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2008/Phalguna, 1929 (Saka)

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(2007-2008)

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*Presented to Lok Sabha on 19.3.2008
Laid in Rajya Sabha on 19.3.2008*



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COMPOSITION OF THE STANDING COMMITTEE
ON DEFENCE (2007-2008)

Shri Balasaheb Vikhe Patil — *Chairman*

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4. Shri Milind Murlu Deora
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Rajya Sabha

22. D.Farooq Abdullah
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25. Smt. Shobhana Bharatia

(iv)

26. Shri R.K. Dhawan
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2. Shri A. Louis Martin — *Joint Secretary*
3. Shri Gopal Singh — *Director*
4. Shri D.R. Shekhar — *Deputy Secretary-II*
5. Smt. Jyochnamayi Sinha — *Under Secretary*

PREFACE

I, the Chairman of the Standing Committee on Defence (2007-08) having been authorized by the Committee to present the Report on their behalf, present this Twenty-Sixth Report of the Committee on 'Action Taken by the Government on the recommendations contained in the Sixteenth Report of the Committee (Fourteenth Lok Sabha) on 'Demands for Grants (2007-08) of the Ministry of Defence.

2. The Sixteenth Report was presented to Lok Sabha on 28.4.2007 and laid in Rajya Sabha on 3.5.2007 and it contained 76 recommendations/observations. The Ministry of Defence have furnished their Action Taken Replies on all the recommendations/observations on 22.8.2007.

3. The Draft Action Taken Report was considered and adopted by the Committee at their sitting held on 11.3.2008.

4. An analysis of action taken by the Government on recommendations contained in the Sixteenth Report of the Standing Committee on Defence (Fourteenth Lok Sabha) is given in Appendix-II.

NEW DELHI;
17 March, 2008

27 Phalgun, 1929 (Saka)

BALASAHEB VIKHE PATIL,
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 Sixteenth Report (14th Lok Sabha) on Demands for Grants (2007-08) of the Ministry of Defence which was presented to Lok Sabha on 28.4.2007 and laid in Rajya Sabha on 3.5.2007.

2. The Committee's Sixteenth Report (Fourteenth Lok Sabha) contains 76 observations/recommendations on the following aspects:—

Sl.No.	Para No.	ct	Subje
1	2		3
1.	2.17	G	rowth of Defence Expenditure <i>vis-a-vis</i> other Economic Parameters
2.	2.23 2.24	ojection	made by the three Services and budgetary allocation during the year 2007-08
3.	2.36		Ratio of Revenue to Capital Expenditur
4.	2.42, 2.43 & 2.44	&	Capital Expenditur
5.	2.60, 2.61 & 2.62	& P	roduction of funds in revised estimate stage—need for expeditious disposal of pr
6.	2.65		Delegation of financial power to service headquarters
7.	3.6 & 3.7	Long	Term Integrated Perspective Planning (LTIPP)
8.	3.14 & 3.15		Utilisation of allocation during 10th Plan
9.	3.18	1th	Defence Plan
10.	4.8, 4.9, 4.10 & 4.11	Declining	share of Army in the Budget
11.	4.14		Non-intrinsic Budget of the

1	2	3
12.	4.18, 4.20, 4.21, 4.22, 4.23 & 4.24	Separate Pay Commission for Armed Forces
13.	4.28, 4.29 & 4.30	Sainik Schools
14.	4.34 & 4.35	Operation Sadbhavana and Operation Good Samaritan
15.	4.45	Anti-Missile Air Force
16.	5.9, 5.10 & 5.1	Brief on Revenue & Capital Expenditure Budget 2007-2008
17.	5.15	Maritime surveillance capability of Indian Navy
18.	5.19 & 5.20	Refitting Schedule of Admiral Gorshkov (Vikramaditya) and Acquisition of Aircraft carriers
19.	5.29, 5.30 & 5.31	Need to attract best Human Resources in Armed Forces
20.	6.6 & 6.7	Modernisation of Air Force
21.	6.9 & 6.10	Shortage of Manpower
22.	6.17, 6.19 & 6.20	Procurement and Upgradation Plans during 2007-08
23.	6.23 & 6.24	Crash & Training
24.	6.28 & 6.29	Attrition of Pilots
25.	7.6, 7.7 & 7.8	Defence Research & Development Organisation
26.	8.7, 8.8, 8.9, 8.10, 8.11, 8.12 & 8.13	Special facilities for war disabled veterans
27.	9.5, 9.6 & 9.7	Welfare of Ex-Servicemen
28.	10.9 & 10.10	Civil Estimates of the Ministry of Defence
29.	10.16, 10.17 & 10.18	Defence Estate Organisation

3. Actionable Replies have been received from the Government in respect of all the recommendations/observations contained in the Report. These have been broadly categorized as follows :—

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

Para Nos. 2.23 & 2.24, 2.36, 2.42, 2.43 & 2.44, 2.60, 2.61 & 2.62, 2.65, 3.5, 3.6 & 3.7, 3.14, 3.15, 3.18, 4.8 & 4.9, 4.10, 4.11, 4.19, 4.28, 4.29, 4.30, 4.33, 4.34, 4.35, 4.45, 5.9, 5.10, 5.15, 5.20, 5.28, 5.29 & 5.30, 6.6, 6.7, 6.9, 6.10, 6.17, 6.19, 6.20, 6.23, 6.24, 6.28, 6.29, 7.6, 7.7, 7.8, 8.7, 8.8, 8.9, 8.12, 8.13, 10.9, 10.10 and 10.18

(57 Recommendations)

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

Para Nos. 2.17, 4.14, 4.18, 4.20, 4.21, 4.22, 4.23 & 4.24, 5.31 and 10.17

(10 Recommendations)

- (iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:—

Para Nos. 5.11, 5.19, 6.18 and 8.10

(4 Recommendations)

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

Para Nos. 8.11, 9.5, 9.6, 9.7 and 10.16

(5 Recommendations)

4. On examination of the replies furnished by the Ministry of Defence, the Committee note that most of the replies are not specific to the points raised by the Committee and the Ministry have also not given response to a number of points. The Ministry appear to be reluctant to furnish direct response to some of the points. The Committee caution the Ministry to exercise extreme care in furnishing replies to the Committee.

The Committee trust that utmost importance will be given to implementation of recommendations made by the Committee, except those the Committee do not want to pursue in view of the

Government's replies. In cases, where it is not possible for any reason to implement the recommendations in letter and spirit, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that action taken notes on the recommendations/observations contained in Chapter-I and final replies to the recommendations contained in Chapter-V of the Report be furnished to them within one month.

5. The Committee will now deal with the action taken by the Government on some of their recommendations which need reiteration or comments.

A. Study to identify areas of wasteful expenditure

Recommendation (Para No. 2.24)

6. The Committee had *inter-alia* desired that the Ministry of Defence should make a study to find out area where wasteful expenditure could be avoided and valuable resources could be saved in order to utilize that amount for modernization of Armed Forces.

7. The Ministry of Defence in their, action taken reply, have stated that Integrated Defence Services has been asked to study the aforesaid recommendation and submit a report.

8. The Committee regret that even after lapse of a considerable period, the Ministry of Defence have not studied the recommendation made by the Committee and have not indicated how soon action will be taken to implement the Committee's recommendation regarding curbing of wasteful expenditure. The Committee deplore such indifference on the part of the Ministry and expect them to take prompt action on Committee's recommendations in future. The Committee in this connection would like to point out that there have been lot of wasteful expenditure due to lack of requisite coordination among the services on many areas such as Missile Testing, acquisition of lands, imports, operations etc. The Committee would like to be apprised of the action taken in this regard without any further delay.

B. Advance planning to ensure optimum utilization of resources

Recommendation (Para No. 2.62)

9. The Committee noted the inability of the Ministry of Defence to timely plan and process the cases so as to bring them to the

concluding stage during the first three quarters of the financial year and to secure financing of projects provided in the budget. The large scale surrender of funds at the end of the year had eroded their credibility and ability to utilize the allocated funds which were badly required for modernisation upgradation of defence forces. The Committee therefore desired that the Ministry of Defence should set up a committee consisting of the Ministry of Defence, the Ministry of Finance & Comptroller and Auditor General (C&AG) represented not below the rank of Additional Secretary in the acquisition process and clear the proposals, timely. Further, they desired the Ministry to carry out advance planning and process the cases so as to bring them to the concluding stage before the month of December of every financial year. This would facilitate optimum utilization of scarce resources allocated for Defence and timely completion of schemes, projects envisaged by the Ministry of Defence to ensure modernisation and to maintain highest level of Defence preparedness. The Committee would like to be apprised of the progress made by the Government in this regard.

10. The Ministry of Defence in their, action taken reply, have stated:

“The utilization of capital acquisition funds *vis-a-vis* RE has ranged from 95.90% to 101.01% during the period 2001-02 to 2005-06 and the utilization percentage for the year 2006-07 against RE is 100.47%.

2. It may be noted that the RE provisions are based on the assessment of the Service Headquarters on the likely expenditure during the balance part of the year. Besides, if more funds can be utilized subsequently, the additional funds beyond RE are also made available through modified appropriation.

3. It may be noted that the rate of utilization of funds generally catches up as the year advances in all procurement regimes. However, efforts are already on to increase the pace of utilization of the funds allocated.

Following steps have been taken to reduce the time frame of Defence Acquisition:

- (i) The time frame for procurement activities has been stated at Appendix-C of DPP-06 and major deviation would be monitored at the highest level. The time frames as prescribed in DPP-06 would lead to cutting down of internal lead time for procurements as it brings in checks and balances to

avoid multi-layered examination on file and following a path of collegiate functioning at all levels. All major decisions as per the procedures in vogue are being taken at the initiation of the case at the highest level in a time bound manner, which is aimed to reduce the overall lead time for procurement.

- (ii) In order to reduce time taken at commercial negotiations and also to ensure reasonable price for capital acquisitions, it has been stated in DPP-06 that in multi vendor cases, on opening of commercial offers, once L1 vendor is identified, the contract should be concluded with him and normally there would be no need for further price negotiations. It has also been stated that before opening of commercial bids CNC should establish a benchmark and reasonableness of prices in an internal meeting. It has been stated that there should be no need to carry out any further price negotiations with the vendor if commercial offer is found within benchmark. It has also been prescribed that the RFP in such multi vendor case should clearly lay down that no negotiation would be carried with L1 vendor once the reasonability of the price quoted by him is established.
- (iii) The financial powers of RM & FM have been enhanced along with delegation of financial powers to SHQs (upto Rs. 10 crores) which would speed up the acquisition process. The time frame given in the DPP-06 is indicative and not prescriptive.
- (iv) All schemes/projects are being monitored and reviewed regularly and efforts are being made to improve the pace of expenditure while maintaining strict adherence with DPP-2006 so as to ensure full utilization of the allotted funds.
- (v) With the aforesaid measures having been taken, it is expected that concern expressed by the Standing Committee for early processing of the proposals would be addressed and optimum utilization of scarce resources would be achieved."

11. Expressing their concern over large scale surrender of funds at the end of the financial year, the Committee had recommended that a Committee might be set up comprising the representatives of Ministry of Defence, Ministry of Finance and CAG in order to clear the acquisition proposals timely. However, the reply of the Ministry of Defence is silent on this recommendation. The Committee had

also desired the Ministry to carry out advance planning and process the case, so as to bring proposals to the concluding stage before the month of December of every financial year. The Committee note that the Ministry of Defence have taken a number of steps including adherence to DPP 2006 to improve pace of expenditure to ensure full utilisation of the allotted funds. The Committee however, feel that these measures have not yet yielded the desired results and there have been surrender of funds allocated for Defence Modernisation. The Committee hope that the Ministry of Defence will make concerted efforts to implement these steps in order to reduce time frame in defence acquisition. The Committee would like to be apprised of the progress made by the Ministry in this regard.

C. Enhanced delegation of financial powers to service headquarters

Recommendation (Para No. 2.65)

12. The Committee observed that for the first time in 2006, delegation of financial power upto Rs. 10 crore for capital procurement has been made to three services. This delegation is expected to cover approximately 33% of the procurement cases thus expediting the procurements. However, the Committee felt that the Ministry of Defence might examine to enhance the amount of financial delegation to the three Services to Rs. 50 crore and to give appropriate financial delegation of power to the Defence Secretary as recommended by the Committee in their earlier report to further speed up and facilitate the acquisition process.

13. The Ministry of Defence in their, action taken reply, have stated:

“The delegation of financial powers to three Services have been made in the year 2006 with the due approval of the Raksha Mantri. Since the delegation has been made only in the recent past, it is considered that subsequent delegation can be assessed after due passage of time with inputs from the Service HQrs. about the outcome of delegation of financial powers carried out in the year 2006.”

14. The Committee are pained to note that the outcome of delegation of financial powers carried out in the year 2006 is yet to be assessed. The Committee see no reason why the assessment about powers delegated in the year 2006 should take so much time. The Committee would like to be informed of the assessment without any further delay and also of the action taken on Committee's recommendations for enhanced delegation of financial powers to the three Services.

D. Additional allocation at Revised Estimates 2007-2008**Recommendation (Para No. 5.11)**

15. The Committee observed that the reduction of projected budget allocation, forces the services to reprioritise and abandon their capital schemes, which as a result deprive the Service to avail the intended benefit of that schemes/projects envisaged by them which directly affect the moral of the Armed Forces Personnel and security of the nation as a whole. The Committee, therefore, urged the Government to increase Naval share in the defence budget from current level of 17.5% to 30% as proposed by the Finance Commission so that budgetary allocation to Navy might grow in consonance with their long term plan for self reliance in Naval defence. The Committee also hoped that Navy would be provided additional Revenue Budget allocation at RE stage to maintain operational readiness.

16. The Ministry of Defence in their, action taken reply, have stated:

“In order to take care of items of Capital nature there is single Capital head for Defence Services. The allocation is given to Capital head of Defence Services in a consolidated manner by Ministry of Finance. The further sub allocation to various Services and Departments are made by Ministry of Defence. Since allocation is less than the Projection for the financial year 2007-08 the shortfall has been shared by the Services and Departments.

However, as recommended by the Committee and based on progress of expenditure, additional funds will be sought at RE 2007-08 stage, if required.”

17. **The Committee had urged the Government to increase the Navy's share in the defence budget from current level of 17.5% to 30% as proposed by the Finance Commission so that budgetary allocation to Navy might grow in consonance with their long term plan for self-reliance in Naval Defence. The reply of the Ministry does not mention anything about this issue. The Committee would await the Ministry's response in this regard.**

The Ministry of Defence have stated that since allocation is less than the projection for the financial year 2007-08, the shortfall has been shared by the three Services and Departments. It is not clear from the Ministry's reply what criteria have been followed in

allocating funds to services in the wake of shortfall in overall allocation. The Committee feel that shortfall should not be mechanically apportioned among Services and Departments but available funds in such an eventuality should be allotted to projects/schemes on inter-se priority irrespective of the Service/Department.

E. Acquisition of Aircraft Carriers

Recommendation (Para No 5.19)

18. The Committee during the examination of Demands for Grants of the Ministry of Defence for the year 2006-07 were given to understand that there was a need of three aircraft carriers however as of now country had only one Aircraft Carrier *i.e.* Virat. The Committee noted that after refitting, Admiral Gorshkov was to be procured from Russia by the end of 2008 and Air Defence Ship (Ship Carrier) is under construction at Cochin Shipyard Ltd (CSL). Considering the fact that refitting work of Admiral Gorshkov was already delayed in certain areas, the Committee were concerned to note that the Ministry had not drawn up any plan to meet the shortage of two carriers in the intervening two years. The Committee, therefore, urged the Government to pursue this vital and strategic important matter with the high level delegation of Russia to expedite the procurement of Gorshkov Vikramaditya and also make concerted efforts for providing necessary infrastructure and make necessary budgetary allocations for speedy completion of work of Air Defence Ship being constructed in CSL.

19. The Ministry of Defence in their, action taken reply, have stated:

“Both the ADS and Gorshkov projects are being closely monitored by the Empowered Apex Committees and Steering Committees constituted separately for both the projects. These measures have been instituted to ensure that various issues pertaining to construction of the ships are handled in a focused manner to avoid time and cost overruns.

2. In addition, the issues relating to the Admiral Gorshkov have been discussed at the highest level with the Russian authorities for speeding up execution of this project. Further, a Warship Overseeing Team (WOT) is situated in Russia for regular monitoring and necessary certifications. Besides, a Project Review Team also visits Russia at regular intervals for monitoring the progress of the project.

3. The construction of the Air Defence Ship is progressing as per the schedule in the contract signed with M/s Cochin Shipyard Limited, Kochi with the 1st launching of the hull scheduled on 31 Oct., 2010. To this effect, necessary provisions have already been made in the project for augmentation of infrastructure at the yard. Besides, an Integrated Project Management Team has also been regularly monitoring the execution of the project at CSL, Kochi. Funds are being released as per the requirements of CSL. Besides, sufficient budgetary allocations are being made for speedy completion of the project and also for funds required for infrastructure augmentation of the shipyard."

20. The Committee are deeply concerned to note that launching of hull of Air Defence Ship is expected after two and half years from now and there is no indication whether Admiral Gorshkov will be delivered by the end of the year 2008. It is a matter of serious concern that with the expected de-commissioning of Virat in the year 2008, the Indian Navy will have no Air Defence Ship for surveillance of the coastal areas of the country. The Committee wish to draw the attention of the Ministry of Defence to this serious situation and call upon the Ministry to take urgent remedial measures under intimation to the Committee. The Committee would also like to be informed when exactly Admiral Gorshkov will be delivered to Indian Navy. As already recommended, the Committee expect that the matter be taken up at the highest level with the Russian Authorities to ensure that Admiral Gorshkov is delivered by the end of 2008.

E Shortage of Manpower in Air Force

Recommendation (Para No. 6.9)

21. The Committee noted that in the Air Force there was a shortage of 18,749 posts during the 10th Five Year Plan. However, in October 2006, the Government sanctioned 12,676 posts which include 1425 officers and 11,022 airmen, 197 non-commissioned officers and 32 civilian posts, thereby increasing the total Air Force cadre to 186,824 personnel which would meet the required minimum level of personnel considering the force structure of the Air Force. The Committee felt that by mere fulfilling the minimum requirement of the Air Force structure, the Service should not feel content, rather Government must strive to take immediate steps to increase the force level and fill up the shortage in the Air Force in a time bound manner so that the country's security is not compromised in terms of shortage

of manpower in Air Force. The Committee desired that combat force strength of IAF must be maintained at the authorized level for all times. The Committee might be apprised about the progress made in this regard.

22. The Ministry of Defence, in their action taken reply, have stated:

“The requirement to sanction additional posts flows from the increase in force structure and/or increase in operational responsibilities. With sanction of additional 12,676 posts, the minimum requirement of the IAF, as on June 2007 has been met. Since induction of new weapon systems and aircraft is an ongoing process, the requirements of additional posts arising in future will be projected to the Government for further sanctions on case to case basis and manpower as required to have the envisaged capabilities will be provided. As regards already sanctioned 12,676 posts, the same are being filled in a phased manner.”

23. In the context of sanctioning of additional 12,676 posts for Air Force in October 2006, the Committee had recommended that the combat force strength of Indian Air Force must be maintained at the authorized level at all times. The Ministry of Defence have stated that the sanction of additional 12,676 posts are being filled up in a phased manner and the same would result in meeting the minimum requirement of Indian Air Force as in June 2007. The Committee desire that continuous and sustainable efforts be made to fill up all vacant posts including the shortfall in sanction of 6073 posts in Air Force in a time bound manner.

G. Steps to augment manpower position in IAF

Recommendation (Para No. 6.10)

24. The Committee further noted that a proposal for ‘Retention Bonus’ for pilots and engineers was also under consideration and if the same was approved, it was likely to enhance induction as well as motivate the officers to continue in service. The Committee desired that this should be done at the earliest and their pay scales etc. should be suitably revised so that they may not feel constraint to leave services. The Committee might be informed of the action taken on the proposal to revise the SSC scheme in flying branch to make both men and women eligible for SSC in order to overcome the shortage.

25. The Ministry of Defence, in their action taken reply, have stated:

“The proposal for ‘Retention Bonus’ for Air Force pilots and engineers is one of the proposals included in the joint memorandum submitted by the three Services to the 6th Central Pay Commission. The three Services Chiefs and officers in Ministry of Defence also had a discussion with the 6th Pay Commission on 19th April, 2007 wherein all the issues in the memorandum were presented before the Commission.

The SSC scheme for flying branch of IAF has been amended making both the men and women eligible to join the flying branch under SSC.”

26. Payment of ‘retention bonus’ to pilots and engineers is evidently an administrative matter which ought to have been expeditiously decided by the Ministry of Defence with a view to stopping the exodus of pilots. The Committee feel that the Ministry of Defence is skirting its responsibility and is causing inordinate delay in arriving at a decision on payment of ‘retention bonus’ by leaving the matter to be considered by the Sixth Pay Commission. Delay in deciding such matters obviously act as disincentive and defeat the very objective of the proposal. The Committee expect the Ministry of Defence to reconsider the matter in the light of the above and take urgent decision on the matter under intimation to the Committee.

H. Processing of procurement proposals

Recommendation Para No. 6.18

27. The Committee noted that the Ministry was making efforts for the procurement of Sukhoi – 30 MKI aircraft and also considering the procurement of C-130J aircraft in order to boost up the capabilities of Indian Air Force. In line with this, procurement and induction of MMRCA, LCA, AWACS and Flight Refuelling Aircraft (FRA) were also planned during the 11th and 12th Plan periods. The Ministry also planned to undertake upgradation projects of Mirage—2000, Jaguar, MiG-29, Mig-27, AN-32, Dornier and MI-17 and other weapon systems. In order to bolster its air strike capabilities, the Ministry was also in the process of acquiring 126 aircraft, the Request for Proposal (RFP) was likely to be issued shortly. The Committee expressed their deep concern on this stereotype reply being furnished by the Ministry for the last 2-3 years and the same had not been turned into reality so far, the Committee therefore, desired that the Ministry should strive

hard to expedite the completion of procedure and technicalities in order to facilitate the acquisition of 126 proposed aircraft. The Committee also noted that despite the repeated recommendation in the past for the acquisition of low level radars, sufficient number of low level radars have not yet been produced or procured resulting in inadequate surveillance of the Indian Peninsula.

28. The Ministry of Defence, in their action taken reply, have stated:

- “1. The RFP for MMRCA is under finalization.
2. The Ministry is also pressing proposal for acquisition of Low Level Transportable Radars and Low Level Light Weight Radars to improve surveillance of airspace.”

29. During the examination of Demands for Grants of the Ministry of Defence in March 2007, the Committee were informed that the ‘Request for Proposal’ for 126 Medium Multi-role Combat Aircraft was under process. The Committee are distressed to find from the reply of the Ministry of Defence that the RFP for MMRCA is still under finalization. The Committee wonder why finalizing RFP should take such a long time. The Committee would like to know the reasons for delay in this regard and the present status of the proposal. The Ministry are also reportedly processing proposal for acquisition of Low Level Transportable Radars and Low Level Light weight Radars to improve surveillance of airspace. The Committee urge that processing of those proposals be completed expeditiously and the procurement effected in a time bound manner under intimation to this Committee.

I. Aviation Training Institute at Nasik

Recommendation (Para No. 6.29)

30. The Committee understood HAL, Nasik has all the facilities of production, repair, overhauling of MiG series aircraft to train the pilots, however, they did not have any training college. In this context, the Committee were of the view that this infrastructure could be utilized to open a new pilot training college so that number of trained pilots could be increased. The Committee also desired that HAL Nasik may explore possibilities to tie up with other reputed pilot training institutions to make the training programme more effective.

31. The Ministry of Defence, in their action taken reply, have stated:

“The need for utilizing the infrastructure, capability and expertise available at HAL, Nasik for training of new pilots, leading to

Licensing of Pilots has already been recognized and a proposal for setting up an Aviation Institute at HAL, Nasik under an agreement with an international institute of repute is under active consideration.”

32. The Committee note that, as recommended by the Committee, a proposal for setting up an Aviation Institute at HAL, Nasik utilizing the existing capability and expertise is under active consideration. The Committee would like to know how soon the Aviation Institute at Nasik will be established.

J. Review of Management of Defence Research and Development Organisation

Recommendation (Para No. 7.8)

33. The Committee were given to understand that the Ministry of Defence/DRDO were not inclined to accept the recommendation of the committee in their earlier reports that R&D work of medical, life and other allied sciences should be entrusted to the concerned organization relating to these subjects and the DRDO should concentrate on the fundamental and critical Defence research work. The Committee therefore strongly reiterated their earlier recommendation and also further desired the Ministry of Defence to consider the matter and appoint an expert committee to go into the matter in detail. In this regard, the Ministry may also see the practice being followed by the developed countries of the world.

34. The Ministry of Defence, in their action taken reply have stated:

“Life sciences laboratories are not engaged in fundamental research in the medical sciences but only carry out directed research in defence-critical products and technologies like, NBC, Bio-terrorism, problems related to high altitude stress, and augmentation of fresh/nutrition food for sustaining troops in field areas as required by the Indian defence forces.

The limited activities in the life science areas are of direct use to the Services and is highly appreciated by them.

Nevertheless, the whole issue of management of DRDO and its associate setup is being looked into by an independent Review Committee chaired by Dr. P. Rama Rao.”

35. The Committee note that as recommended by the Committee, an Independent Review Committee has been constituted to review the organizational status of DRDO. The Committee would like to be apprised of the Review Committee's recommendations and the time frame for implementation of those recommendations.

K. Special Facilities for ~~W~~ Disabled Veterans

Recommendation (Para No. 8.7)

36. The Committee was unhappy to note that the Disabled War Veterans had to literally fight for each and every measure which could ameliorate their living conditions after being invalided out from the Armed Forces. Often they were forced to go to the court to get justice. Presently 3528 cases were pending in various High Courts relating to their pension alone. The Committee felt that it was the duty of the nation to look after welfare of the soldiers who had lost their limbs for no fault of their own while protecting and serving the country. Thus when admitted or visiting military hospitals for treatment, they should be given the highest consideration of officers being admitted in the senior officers/VIP wards and other ranks being admitted in JCO wards. The need for a special identity card identifying the war disabled was also necessary so that they could get preferential treatment in various services like Railways, Roadways, Airlines etc. The Committee desired that all out efforts should be made to make life easy for the disabled veterans. The Committee also desired that a special window should be opened in all the Military hospitals for War Disabled Veterans and adequate representation in various boards/organizations of the Ministry of Defence might also be given to them.

37. The Ministry of Defence, in their action taken reply have stated:

"Disabled soldiers when admitted or while visiting Military Hospitals are given needed facilities and treated as per requirements. Comprehensive medical care is provided to all disabled soldiers as and when required.

They also get treatment at paraplegic homes at Kirkee (Maharashtra) and Mohali (Punjab). They are provided artificial limbs by Artificial Limb Centres. Blind soldiers are provided psychological support to overcome the shock of blindness and imparted vocational training by St. Dunstan's After Care Organisation, Dehradun.

As a special case, they have been exempted from payment of contribution for becoming members of Ex-servicemen Contributory

Health Scheme (ECHS). They are provided full range of medical treatment for all known diseases in ECHS empanelled service hospitals. Permanent war disabled officers who have been invalidated out of service and the dependent members of their family are given 50% for air travel concession.

The matter regarding issue of special identity cards to the disabled soldiers is under examination in consultation with Kendriya Sainik Board (KSB). Regarding opening of a special window in the Military Hospitals for them, necessary instructions for opening a special window in all Military hospitals for issuing medicines to war-disabled veterans and according them priority in admission and treatment have been issued by Director General of Armed Forces Medical Services (DGAFMS). As regards representations of war-disabled in various boards/organizations, their due representations will be considered in Rajya Sainik Boards (RSBs)/Zila Sainik Boards (ZSBs)."

38. The Committee note that in pursuance of the Committee's recommendation, necessary instructions for opening a special window in the Military Hospitals for war-disabled veterans have been issued. The Committee, however, regret to note that the question of issue of special identity cards to the disabled soldiers is still under examination of the Ministry even one year after presentation of the Committee's report. The Committee urge that the decision in this regard be taken without any further delay and the Committee be informed of the action taken. The Committee would also like to be apprised of the action taken to give representation to the war-disabled in various boards/organisations.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2.23)

The Committee note that projection of funds by the three Services flow from the Services Acquisition plan, which are examined thoroughly in the Ministry of Defence and are based on the requirements to meet the changing security environment and threat perception. Based on these requirements, the Defence Services and Departments had made projection of Rs. 1,03,940 crore for the year 2007-08 (The provision for Revenue expenditure is Rs. 58900 crore and capital expenditure is Rs. 45040 crore). Against this the Ministry of Finance have made an allocation of Rs. 96,000 crore (The provision for Revenue expenditure is Rs. 54078 crore and capital expenditure is Rs. 41922 crore). This allocation accounts for 7.87 percent increase over the Budget estimate for the year 2006-07 and 11.63 percent increase over the Revised estimate for the year 2006-07. However, there is a gap of Rs. 7,940.00 crore between the projections made by the Ministry and the allocation made in the Budget. This shortfall is reflected in both the Revenue and Capital expenditures. The Shortfall in the Revenue side is Rs. 4822 crore *i.e.* 8.19 percent. In the Capital side, the shortfall is Rs. 3118 crore *i.e.* 6.92 percent."

Reply of the Government

The recommendation notes lesser allocation to Defence Services to the tune of Rs. 96000 crores as BE 2007-08 against a projection of Rs. 103940 crores. Thus the gap of Rs. 7940.47 crores between the projections made by the Ministry of Defence and the allocation given by the Ministry of Finance has also been highlighted. Since the issue is primarily of lesser allocation than the projection of MOD, additionality of funds can be sought from Ministry of Finance at RE 2007-08 depending on progress of expenditure, if required. The Finance Minister in his Budget Speech 2007-2008 has also mentioned that additional requirement for the security of the nation shall be provided.

Recommendation (Para No. 2.24)

The Committee also note that the Ministry of Finance apply the general rule for resource allocations to various sectors *i.e.* "the overall

resource position of the Government and also the various competing needs of different sectors". The Committee however feel that the defence sector needs a different treatment and strongly recommend that the Government must allocate the amount as projected by the Defence services, so that the defence acquisition programme and modernization of Armed Forces may not face any resource crunch and adversely affect the country's defence preparedness in any manner.

The Committee also desire that the Ministry of Defence should make a study to find out area where wasteful expenditure can be avoided and valuable resources can be saved in order to utilize that amount for modernization of Armed Forces.

Reply of the Government

IDS has been asked to study the aforesaid recommendation and submit a report. Additionality of funds, if required, will be sought from the Ministry of Finance at RE 2007-2008.

Comments of the Committee

(Please *see* para 8 of Chapter-I)

Recommendation (Para No. 2.36)

The Committee note that since 9th Defence Plan, the ratio of Capital to Revenue expenditure has been increasing. This indicates the determination of the services and the Ministry of Defence to provide greater outlays for modernization and initiative to contain revenue expenditure to the extend it is containable. However, it is pertinent to mention here that revenue expenditure is meant to maintain weapon platform and equipment as well as supply of ammunition and fuel cost. Besides, the armed forces require some amount of revenue expenditure to meet the disaster management. During evidence, the representative of Ministry of Defence also admitted that beyond a certain point, revenue expenditure can not be curtailed as that may hamper defence preparedness and the allocation for revenue expenditure for the year 2007-08 is inadequate. The Committee, while stressing the need for reduction of revenue expenditure, also feel that due precaution should be taken in the matter so as not to adversely affect the defence preparedness of the country.

Reply of the Government

During the previous years expenditure ratio of Capital to Revenue has been increasing. This has occurred due to consistent endeavour of

Ministry of Defence to prune the “running” or “operational” costs clubbed under Revenue allocation and allocate larger resources, in the available budget to the Capital acquisition or modernization process of the Defence Services. Notwithstanding the same, a fine balance of the Defence budgetary allocation between the required “operational” or “running” revenue expenditure and Capital acquisition or modernization of Defence forces is maintained so that spearheading of Capital acquisition do not hamper the operational cost under Revenue expenditure.

Recommendation (Para No. 2.42)

The Committee note that there is an increasing trend in the Capital expenditure of the three Services which reflects their intention to spend more on the modernisation programme. However, the Committee are pained to note that the allocation for the capital acquisition has been drastically reduced from Rs. 29990.83 crore to Rs. 26774.39 crore at RE stage during the year 2006-07. The Committee further note that out of Rs. 32826.80 crore at BE allocated during the year 2007-08, for capital acquisition, Rs. 19219.32 crore is for committed liabilities under agreements signed for procurement of defence equipment leaving only about Rs. 13612.48 crore for the new schemes/acquisitions. The Committee are given to understand that the Ministry of Defence are content with the amount left for new schemes/projects and additional amount if required any, would be made available as agreed to by the Ministry of Finance.

Reply of the Government

In accordance with the provisions of Defence Procurement Procedure 2006 (DPP-06), the HQ Integrated Defence Staff worked out the annual requirement of funds for the capital acquisitions to be taken up during 2007-08 taking into account the schemes listed in the Services Capital Acquisition Plan (SCAP) and those proposed for the year ahead, carryovers, operational exigencies and proposed changes in priorities recommended by the respective Service Headquarters (SHQs). The details of these requirements were scrutinized and forwarded to Defence (Finance) for budgetary allocations. Based on the budgetary projections and allocations, the draft AAPs for the Armed Forces were formulated by the respective SHQs and approval of Defence Procurement Board (DPB) was obtained. Thus all the capital acquisition proposals of the Armed Forces incorporated in their respective Annual Acquisition Plans (AAPs) with the approval of DPB are under various stages of progress.

2. It may be noted that the modernisation of the Armed Forces is a continuous process. Further, for a scheme/contracted in a particular year, the deliveries are made mostly in subsequent years which accordingly generate committed liabilities. These cases are also processed, monitored and reviewed for timely delivery and release of stage payments linked to milestones achieved. The committed liabilities are thus a part of capital acquisition funds and depend on the deliveries in a particular year.

3. Similarly, cases relating to new schemes/projects are also regularly reviewed and monitored at various higher levels to ensure their fructification in a time bound manner and optimal utilization of funds.

Recommendation (Para No. 2.43)

Therefore, the Committee strongly recommend that the Ministry of Defence should complete all the procedural formalities for procurement before the month of September, in order to avoid cut in the capital acquisition budget allocation at RE stage. This will further facilitate the Ministry of Defence to allocate more funds for the new schemes instead of earmarking larger percentage of capital acquisition budget for committed liabilities.

Reply of the Government

While all efforts are made to complete the procedural formalities which consists of various stages at the earliest, it may not always be possible to complete all such formalities by September in a year. It may be appreciated that procurements for defence forces including capital procurements are continuous process. Elaborate procedures have been laid down therefor. As such even if some cases are finalized after September, the cash outgo therefor may take place during the same financial year or next. This ensures regular outflow of funds.

Recommendation (Para No. 2.44)

The Committee note with concern that since 2000-01 onwards the Ministry of Defence have been spending huge amount on Capital acquisition for procurement of equipment through import and only 40-45 percent of allocated funds for capital acquisition is being spent for procurement of Capital items from indigenous sources. Therefore, the Committee would like to reiterate their earlier recommendations, given in various reports to boost fundamental R&D and encourage the DPSUs, Ordnance Factories and Private Sector to increase

indigenization and reduce foreign dependence. The Committee also recommend that the forces should undertake relevant R&D on the line of Navy as per their requirement.

Reply of the Government

The 'Make' procedure in DPP-06 has addressed the issue for indigenous research, design, development and production of systems. The aim of the procedure is to undertake indigenous research, design, development and production by Indian Defence Industries. Projects under this procedure would involve design and development of high technology complex systems and upgrades indigenously. These projects are to be undertaken by Raksha Udyog Ratnas (RURs)/Indian Industry/Defence Public Sector Undertakings (DPSUs)/Ordnance Factory Board (OFB)/Consortia on a level playing field on shared development cost. The sharing of cost of development would normally be in the ratio of Ministry of Defence (80%) and the Industry (20%), as laid down in the "Make" procedure (Para nos.6&30, Chapter-II-Defence Procurement Procedure 2006).

2. It has also been provided in the procedure that there would be a requirement of minimum order quantity to be placed on the successful developer (Para 26 I, Chapter-II – Defence Procurement Procedure 2006).

3. The "Make" procedure would enhance the indigenization component in our acquisitions. Detailed provisions have been incorporated in the "Make" procedure for monitoring of the projects, to achieve all established milestones and the end product.

4. The Directorate of Indigenization has been operational in the Indian Air Force as well as in the Indian Navy. EME Directorate is concerned with indigenization in the Indian Army.

5. Further, an offset clause would be applicable for all procurement proposals where the indicative cost is above Rs. 300 crores and the schemes are categorized as 'Buy (Global)' involving outright purchase from foreign/Indian vendors and 'Buy and Make with Transfer of Technology' *i.e.* purchase from foreign vendor followed by licensed production. As per this provision, initially a uniform offset of 30% of the indicative cost of the acquisition in 'Buy (Global)' category acquisitions and 30% of the foreign exchange component in 'Buy and Make' category acquisitions would be the minimum required value of the offset.

6. So far as private sector participation in the Defence sector is concerned, industrial licenses have already been approved for 38 units so far and several other units are under consideration.

Recommendation (Para No. 2.60)

The Committee note with serious concern that since 2002-03, the amount provided in the BE has been reduced at RE stage except in the year 2004-05. There is further shortfall from RE to actual expenditure. The Committee are perturbed to note that during the year 2006-07, allocation of Rs 89,000 crore was reduced to Rs. 86,000 crore in RE stage thereby showing a reduction of Rs. 3,000 core. The Committee note with concern that reduction has been made in the capital acquisition expenditure meant for modernisation programme, even when there were enough projects with the Ministry in the pipelines and certain projects were being simultaneously progressing. The Committee note from the reply of the Ministry of Finance that the principle of budgetary cap in the last quarter spending is not applicable to the Ministry of Defence and they have full freedom to spend the budget in any manner they like. The Committee are given to understand by the Ministry of Finance that reduction at RE stage has been made after due consultation with the Ministry of Defence taking into account the actual trend of expenditure. The Committee note that the Ministry of Defence upto Feb., 2007 has been able to make the capital expenditure only upto 54% of the budgetary allocations for the year 2006-07.

Reply of the Government

The utilization of capital acquisition funds *vis-a-vis* RE has ranged from 95.90% to 101.01% during the period 2001-02 to 2005-06 and the utilization percentage for the year 2006-07 against RE is 100.47%.

2. It may be noted that the RE provisions are based on the assessment of the Service Headquarters on the likely expenditure during the balance part of the year. Besides, if more funds can be utilized subsequently, the additional funds beyond RE are also made available through modified appropriation.

3. It may be noted that the rate of utilization of funds generally catches up as the year advances in all procurement regimes. However, efforts are already on to increase the pace of utilization of the funds allocated.

Recommendation (Para No. 2.61)

The Committee note that inspite of the fact that the Ministry of Defence has come out with DPP 2006, to bring transparency and expeditious clearance of acquisition process, as well as the Ministry of Finance has laid down standard parameters for submission of proposals for approval of Ministry of Finance, the Department of Expenditure ensure to examine the proposals received from Ministry of Defence expeditiously and monitor them periodically, the Ministry of Defence have not been able to increase the pace of expenditure to convince that they will be in a position to fully utilize the allocated amount during the year.

Recommendation (Para No. 2.62)

From the foregoing the Committee observe that this clearly shows the inability of the Ministry of Defence to timely plan and process the cases so as to bring them to the concluding stage during the first three quarters of the financial year and to secure financing of projects provided in the budget. The large scale surrender of funds at the end of the year has eroded their credibility and ability to utilize the allocated funds which were badly required for modernisation upgradation of defence forces. The Committee therefore desire that the Ministry of Defence should set up a committee consisting of the Ministry of Defence, the Ministry of Finance & Comptroller and Auditor General (C&AG) represented not below the rank of Additional Secretary in the acquisition process and clear the proposals, timely. Further, they desire the Ministry to carry out advance planning and process the cases so as to bring them to the concluding stage before the month of December of every financial year. This will facilitate optimum utilization of scarce resources allocated for Defence and timely completion of schemes, projects envisaged by the Ministry of Defence to ensure modernisation and to maintain highest level of Defence preparedness. The Committee would like to be apprised of the progress made by the Government in this regard.

Reply of the Government

Following steps have been taken to reduce the time frame of Defence Acquisition:

- (i) The time frame for procurement activities has been stated at Appendix-C of DPP-06 and major deviation would be monitored at the highest level. The time frames as prescribed in DPP-06 would lead to cutting down of internal lead time

for procurements as it brings in checks and balances to avoid multi-layered examination on file and following a path of collegiate functioning at all levels. All major decisions as per the procedures in vogue are being taken at the initiation of the case at the highest level in a time bound manner, which is aimed to reduce the overall lead time for procurement.

- (ii) In order to reduce time taken at commercial negotiations and also to ensure reasonable price for capital acquisitions, it has been stated in DPP-06 that in multi vendor cases, on opening of commercial offers, once L1 vendor is identified, the contract should be concluded with him and normally there would be no need for further price negotiations. It has also been stated that before opening of commercial bids CNC should establish a benchmark and reasonableness of prices in an internal meeting. It has been stated that there should be no need to carry out any further price negotiations with the vendor if commercial offer is found within benchmark. It has also been prescribed that the RFP in such multi vendor case should clearly lay down that no negotiation would be carried with L1 vendor once the reasonability of the price quoted by him is established.
- (iii) The financial powers of RM & FM have been enhanced along with delegation of financial powers to SHQs (upto Rs.10 crores) which would speed up the acquisition process. The time frame given in the DPP-06 is indicative and not prescriptive.
- (iv) All schemes/projects are being monitored and reviewed regularly and efforts are being made to improve the pace of expenditure while maintaining strict adherence with DPP-2006 so as to ensure full utilization of the allotted funds.
- (v) With the aforesaid measures having been taken, it is expected that concern expressed by the Standing Committee for early processing of the proposals would be addressed and optimum utilization of scarce resources would be achieved.

Comments of the Committee

(Please see para 11 of Chapter-I)

Recommendation (Para No. 2.65)

The Committee observe that for the first time in 2006, delegation of financial power upto Rs. 10 crore for capital procurement has been made to three services. This however was done in consultation with the Services. This delegation is expected to cover approximately 33% of the procurement cases thus expediting the procurements. However, the Committee feel that the Ministry of Defence may examine to enhance the amount of financial delegation to the three Services to Rs. 50 crore and to give appropriate financial delegation of power to the Defence Secretary as recommended by the Committee in their earlier report to further speed up and facilitate the acquisition process.

Reply of the Government

The delegation of financial powers to three Services have been made in the year 2006 with the due approval of the Raksha Mantri. Since the delegation has been made only in the recent past, it is considered that subsequent delegation can be assessed after due passage of time with inputs from the Service HQrs. about the outcome of delegation of financial powers carried out in the year 2006.

Comments of the Committee

(Please see para 14 of Chapter-I)

Recommendation (Para No. 3.5)

The Committee are constrained to note that the period of Long Term Integrated Perspective Plan (LTIPP) 2002-17 has been revised to 2007-2009 keeping in view the likely availability of funds during the Eleventh Plan and shift from equipment based approach to capacity based approach. The process of revision has been completed by Navy. The other two services are in the process of completing their exercises. The Committee note that an integrated perspective plan covering the three plan periods from 11th to 13th plan *i.e.* from 2007 to 2022 will be approved by the Defence Acquisition Council by 31st October, 2009.

Recommendation (Para No. 3.6)

The Committee are dismayed to note the continuous delay in preparing LTIPP and revised LTIPP which will be approved by the DAC by 31st October, 2009. This clearly depicts the lackadaisical approach and commitment of the Ministry of Defence in preparing & finalizing the long term plan for defence Forces.

Recommendation (Para No. 3.7)

Therefore, the Committee strongly recommend that the Ministry of Defence should take up this matter at the highest level to get its 11th Plan cleared by the Ministry of Finance and finalise the LTIPP at the earliest, not only to make a correct assessment of the threat perception, changing security scenario and rapid scientific and technological innovation but also to meet the requirement of forces of latest/high tech machine/equipment and best human resource well in advance with adequate allocation of funds and effective visionary plan.

The Committee are of the view that in the changing paradigm of security scenario, threat perception and fast changing scientific and technological field, the long-term plan need a regular and sustained review of its content and thrust. Therefore, the Committee wish to recommend that the long-term plan should be reviewed and updated from time to time well in advance, in order to make it realistic and the Committee may be apprised of the progress in this regard.

Reply of the Government

Long Term Integrated Perspective Plan (LTIPP) aims to provide the capabilities required by defence forces based on aspirations, threat perceptions and geo-political scenario over 15 years duration *i.e.*, three plan periods. The LTIPP is modified every five years based on the changing requirements of defence forces in terms of technology upgrades and latest trends in weapon systems.

2. The first LTIPP covers the period from 2002-2017. This LTIPP is sub divided into 3 Five Year Plans. Each five-year plan is then sub divided into Annual Acquisition Plan (AAP). The five years plan and AAPs are made to achieve the capabilities required by the defence forces in the medium term and short term respectively. The procurements of the Services are carried out as per the projections in these Five Year Plans and AAPs.

3. The exercise to review the LTIPP was initiated well before the commencement of next 5 year plan *i.e.*, 11th Plan. It was observed that in the LTIPP 2002-17, the thrust was more on equipment based approach than capability building approach. A new approach for formulation of LTIPP was therefore proposed which was approved by the DAC in its meeting held on 19 June 2006. Since the new approach required detailed deliberations and interaction between various Government agencies, it was felt that work on various steps culminating into preparation of LTIPP would require considerable time. The DAC

accordingly approved that a **LTIPP covering to 2007-22** be prepared and approved by the DAC by 31 Oct., 09. For the interim period till Oct., 2009, capability building and procurement for the defence forces has been covered by LTIPP 2002-2017 and 11th Five Year Plan covering the period 2007-2012.

4. However, the recommendation of the Committee has been noted and action has been initiated to review the LTIPP to make it realistic and time bound.

5. The 11th Five Year Plan covering the period 2007-12 was formulated and forwarded by Raksha Mantri to the Finance Minister much before the start of the 11th Defence Plan period. The projections were made by Ministry of Defence for the 11th Plan after due consultations with the Services, DRDO and other departments of the Ministry of Defence. However, after due examination within Ministry of Finance, Finance Minister indicated a figure which is much below the projected level. The matter for reconsideration has again been taken up by Raksha Mantri with the PM and the FM.

Recommendation (Para No. 3.14)

The Committee are to note that the 10th plan was tentatively approved in the last quarter of 10th plan *i.e.* in December, 2004 with a lesser allocation by the Ministry of Finance than the projection made by the Ministry of Defence. Every year there has been cut at RE stage by the Ministry of Finance which affected both the revenue as well as capital expenditure of the Ministry of Defence. The Committee note that the Ministry of Finance made annual allocations depending upon the resources available with the Government as also on utilization of allocated funds by the Ministry of Defence. The Committee do not agree with the logic put forth by the Ministry of Finance. The Committee are of the strong view that had the 10th plan been approved in time, the Ministry of Defence would have planned their projects as per the changing requirements and utilized the allocated amount in a better way. Budgetary allocations on a year to year basis for country's defence requirements and in the absence of Long Term Plan, has an adverse impact and has led to the adhocism in decision making thereby creating a stumbling block on the path of modernization and overall Defence preparedness. The Committee feel that this may be the reasons for delay in capital acquisition and will demoralize the Armed Forces.

Recommendation (Para No. 3.15)

Expressing their displeasure, the Committee strongly recommend that the Ministry of Finance and Ministry of Defence should not shift

the responsibility to each other, rather together they must approve the 11th plan at the earliest, so that it does not face the same fate of 10th plan. This will further facilitate both the Ministry of Defence to plan their finance, equipment acquisition and utilise the allocated amount to the fullest extent in a time-bound manner.

The Committee observe that weightage is invariably given by the Government to the Plan expenditure as compare to non-Plan expenditure which one of the reasons for delay in approving the allocation of Ministry of Defence which is non-plan expenditure. Therefore, the Committee urge the Government to give due importance to the non-plan expenditure as in the case of Plan expenditure.

Reply of the Government

The Ministry holds this Committee in highest esteem. The concerns regarding non-approval of the Plans has been taken seriously by the Ministry. It may, however, be added that the 11th Plan was prepared by the Ministry of Defence well before the expiry of the 10th Plan. The matter has also been followed up with Ministry of Finance at highest level. The Ministry is however going ahead with the modernization plan for the three Services based on Annual Acquisition Plans which are based on the 11th Plan proposals.

The concerns expressed by Committee regarding importance of non-plan expenditure were communicated to the Ministry of Finance who have stated that the due attention is paid in allocation of funds between Plan and Non-Plan expenditure of the Government. They have further stated that each expenditure proposal, whether Plan or non-Plan, is examined carefully and decided on merits keeping in mind overall availability of resources and that, in fact, non-plan expenditure cases are mostly obligatory expenditure of the Government, constituting about 70% of the total expenditure, as compared to Plan expenditure which constitutes 30% in BE 2007-08.

They have further stated that due consideration is given to the proposals of Ministry of Defence keeping in view the aspects relating to 'national security' and that there has been no delay in approving the yearly allocation of Ministry of Defence which form part of the Budget approved by Parliament.

Recommendation (Para No. 3.18)

The Committee note that the 11th Defence plan has been sent by the Ministry of Defence to Ministry of Finance for approval and the

matter is under examination and consultation between the two Ministries and till date, availability of funds as regards Eleventh Defence plan has not been indicated by the Ministry of Finance. The Committee strongly note that 11th Plan has not been finalized, plan period has already began from April, 2007 and are perturbed to note that there is a mismatch between the projection and budgetary allocation during the first year of 11th plan *i.e.* 2007-08. Therefore, the Committee strongly recommend that the 11th Plan should be approved at the earliest so that the Ministry of Defence should implement all the proposals at the right earnest in the first year of 11th plan as per projection and seek additional allocation at the RE stage so as to achieve the physical and financial target of 11th plan as envisaged in its first year.

Reply of the Government

As mentioned in comments on Para 2.15, the matter of approval of 11th Plan has been taken up at the highest level in Ministry of Defence. The Ministry is, however, continuing with its modernization plans based on Annual Acquisition Plans drawn up for the Services which are based on 11th Plan proposals.

Recommendation (Para No. 4.8)

The Committee note with concern the declining trend in the share of Army in Defence budget, which was 57 per cent in the year 2002-03 and now has come down to 47 per cent in the current year (2007-2008).

Reply of the Government

The budgetary allocations to Defence Services are given under two basic heads of Revenue and Capital by Ministry of Finance. The subsequent allocations under Revenue and Capital heads to each Service, R&D and Ordnance Factories are done primarily on the basis of obligatory expenditure of each Service/Department followed by allocation to Capital and Capital acquisition based on stage of acquisition process. Under the Revenue head the share percentage of Army to overall allocation has remained unchanged during the previous year. Army being a personnel intensive organization greater care of its requirement under "operational" cost (under Revenue head) is undertaken. Since the other two Services are Capital intensive in nature, their allocation under Capital head have been increasing during the years. It is also a fact that during the previous years, the Capital to Revenue ratio has been increasing resulting in growing allocation under

Capital head. Notwithstanding consistent allocation to Army under Revenue head, growing allocations to other two Services under Capital head has marginally reduced the overall share of allocation of Army.

Recommendation (Para No. 4.9)

The Committee note that with serious concern that during the year 2007-08 out of Rs. 13,410.80 crore projected by the Army for capital expenditure, Ministry of Finance allocated Rs. 11,388.52 crore only, which has resulted in shortfall of Rs. 2022.28 crore and this shortfall is likely to adversely affect the different constituents of Army work like modernization, land, equipment (DGOF), Ex-Servicemen Contributory Health Scheme (ECHS) and construction work. The Committee further note that in the Revenue side also during the same year, Rs. 37,007.20 crore was projected by the Army, the Ministry of Finance allocated Rs. 34,369.16 crore only which has resulted in shortfall of Rs. 2638.04 crore which is likely to affect Pay & Allowances, Transportation, Military Farms, ECHS, Stores, Revenue works, Rashtriya Rifles etc. The Committee take a serious note of the fact that there has been a drastic reduction in funds allocated in Capital side particularly in area of modernization of Army, which has direct ramification on security of the country. The Committee, therefore, strongly recommend that the Government should look into the matter afresh to allocate the projected funds for Capital expenditure at Revised Estimate stage, so that modernization and other programmes, as envisaged by the Army, may not suffer for want of funds.

Reply of the Government

For expenditure of capital nature the allocation given by the Ministry of Finance to Ministry of Defence is a single Capital head. The requirements of various Services/Departments come within the same Capital head. Against the overall projection of Rs. 45040.12 crores under Capital the allocation given by Ministry of Finance for financial year 2007-08 has been Rs. 41992.00 crores. This reflects a shortfall of Rs. 3118.12 crores or 7.44 per cent with respect to the projection. Since there has been reduced allocation (against the Projection) the allocation to Services/Departments were reduced proportionately and also with respect to committed payment and stage of prospective procurement under Capital head. Efforts are always made to take care of the Capital requirements of Army. The recommendations of the Committee shall be kept in view at the Revised Estimate stage.

Recommendation (Para No. 4.10)

The Committee also note that the revenue expenditure is taking the major chunk in the allocated Defence budget of Army and there is a huge gap between the revenue expenditure and the capital expenditure of Army, due to different kind of requirement and work performed by it. The Committee endorse the views of the Ministry of Defence that revenue expenditure cannot be curtailed beyond a certain point and desire that any reduction in the revenue expenditure should not be at the expense of Army's readiness/preparedness. This will greatly boost the moral of the Army.

Reply of the Government

The observation of the Committee as regards non-curtailement of Army's Revenue expenditure beyond a certain point which could affect the readiness/preparedness of the Army are also shared by Ministry of Defence. The additional fund, if required, shall be projected to Ministry of Finance.

Recommendation (Para No. 4.11)

The Committee, therefore, recommend that the Ministry should make a proper study in order to identify and rationalize Revenue and Capital items and categorise them accordingly. The Committee are of the view that any need of new item should be treated as capital expenditure. Further for this purpose study should be made by the Ministry on pattern being followed by other countries in this regard.

Reply of the Government

As per the provisions in Constitution of India the Annual Financial Statement (Budget) has to be laid in the broad categories of Revenue and Capital. Based on this the Revenue and Capital expenditure have been classified in the General Financial Regulation. As per the recommendation a study shall be made by the Ministry on pattern being followed by other countries in this regard and findings submitted to the Committee.

Recommendation (Para No. 4.19)

The Committee are given to understand that a large number of discrepancies, brought to their notice by various non-official witnesses, regarding Fifth Pay Commission's recommendations; one of them being that it gave a Brigadier more pension than a Major General. It also

removed the, "Running Pay Band" given by the Fourth Pay Commission to compensate for very limited promotions in the armed forces. The more disturbing the fact is that a Sepoy in the Army gets less than half the pension of a peon in the Central Government.

Reply of the Government

An anomaly is alleged in fixation of pension of pre 01.01.1996 retiree Majors General and equivalents in the Armed Forces *vis-a-vis* Brigadiers and equivalents. This is because the revised pay scale of Brigadier (Rs 16700-450-18050) starts with Rs 16700/- along with admissible Rank Pay of Rs 2400/- per month. Thus, the minimum reckonable emolument for calculation of pension for a Brigadier is Rs. 19100/- whereas for a Major General the minimum of pay scale is Rs. 18400/-, there being no Rank Pay for the ranks of Major General and above. Accordingly, the minimum pension of pre-01.01.1996 retiree Brigadier (for 33 years of service) is fixed at Rs 9,550/- per month *i.e.* 50% of Rs 19100/-, whereas the minimum pension of a Major General is fixed at Rs 9200/- *i.e.* 50% of Rs 18400. However, this discrepancy has been removed as per existing provision in the order that the retiring pension of an officer of the rank of a Major General shall not be less than the pension which would have been admissible to him as a Brigadier had he not been promoted to the higher rank. By virtue of this provision, minimum pension of all Major Generals who retired prior to 01.01.1996 has been stepped up to Rs 9550/- per month, which is the minimum pension for the lower rank of Brigadier. Thus, no officer of the rank of Major General is drawing/has drawn pension less than an officer of the rank of Brigadier.

As regards pension in respect of Sepoy, Government have recently improved the pension structure by increasing the weightage in the qualifying service from 05 years to 10 years subject to maximum 30 years service. Further, in the case of pre-96 retirees, it has also additionally been provided that the pension of Personnel Below Officer Rank will be computed with reference to the maximum of the pay scale introduced with effect from 01.01.1996.

A current retiree in the rank of Sepoy having 19 years qualifying service with weightage of 10 years is entitled to a pension of Rs. 3212/- per month, 2983/- per month and 2656/- per month for X, Y and Z category respectively whereas a peon in the Central Govt. having put in 33 years service is entitled to a pension of Rs. 2400/- per month. Thus, the contention that a Sepoy in the Army gets less than half the pension of peon in Central Government is factually not correct.

In so far as the issue relating to running pay band given by the IV CPC is concerned, the IV CPC had recommended integrated pay scale for the rank of 2nd Lieutenant to Brigadier and pay scales for higher ranks. The Fifth CPC however made their recommendation for grant of regular pay scales.

Recommendation (Para No. 4.28)

The Committee are concerned to note the declining standard of Sainik Schools in the country and the reasons furnished by the Ministry in this regard. The Committee note that due to rising cost of education, it has become very difficult for the Servicemen and Ex-Servicemen to get their wards admitted in these Sainik Schools. The Committee note that these Sainik Schools are being run on the grants given by the Central/State Government which is perhaps not sufficient to meet all expenses of the school children. The Committee, therefore, desire that the Government should make a thorough review of the matter and make these schools financially viable by using available surplus land etc. so that these schools can become self reliant. The Central Government should ponder in wider perspective in consultation with the State Governments to provide them sufficient financial resources on sharing basis.

Recommendation (Para No. 4.29)

The Committee also recommend that the Government should explore the possibility of opening Sainik Schools in different districts of the States which are traditional catchment areas of the country. The Committee also desire that the Government should make earnest efforts to increase the number of Sainik Schools run by Central/State Governments.

Recommendation (Para No. 4.30)

The Committee, keeping in view the present situation of the Sainik Schools, strongly recommend the Government to constitute a high level Committee to study and analyse the causes of lowering the educational standard of Sainik Schools and to suggest for overall improvement in the working of these schools so that objectives for which they have been created, may not be defeated. The steps should also be taken to maintain All India character of these schools. The Committee would like to be apprised of the steps taken in this regard.

Reply of the Government

There are 21 Sainik Schools being managed by the Sainik Schools Society under the aegis of Ministry of Defence. So far as the academic

results are concerned, 100% and 97.29% pass percentage has been achieved in CBSE 10th and 12th Board examinations respectively by the cadets in these schools. On an average, about 30% strength of even number courses at NDA has been from Sainik Schools. For the 118th NDA Course, a record 444 boys of Sainik Schools have cleared the UPSC examination. 188 of these cadets have cleared the SSBs and results in respect of 21 boys are still awaited. The performance of the cadets from Sainik Schools in the academics and NDA is, therefore, satisfactory. The NDA intake data for the last ten years and the academic results for the last six years are as under:

YEARLY NDA INTAKE FROM SAINIK SCHOOLS—
LAST TEN YEARS

S.No.	Year	Course Nos.	Total intake	NDA intake	auth of Sainik courses	% of Sainik	Remarks
							the year ending School in the year (two courses) Boys joined NDA
1.	1997	97-98	231	95	60	9.6	
2.	1998	99-10	32	102	34	62.1	
3.	1999	101-102	55	50	5	7.5	
4.	2000	103-104	31	108	39	3.2	
5.	2001	105-106	38	82	3	20.5	
6.	2002	107-108	35	74	9	18.2	
7.	2003	109-1	31	72	3	7.2	
8.	2004	11	38	82	5	20.9	
9.	2005	114	181	96	6	0.19	
10.	2006	116	42	131	73	28.5	
11.	2007	17-118	estd	600			For 118 NDA Course record 444 boys of Sainik Schools cleared UPSC exam out of which 188 have already cleared the SSBs and 21 boys are undergoing SSBs. Final NDA list is awaited.

SUMMARY OF RESULTS

Class X Results of last six years

Year	No. Appeared	Pass	Above Average	Above 75% %age	Div
2002	1475	98.91	655	62.42	
2003	1543	97.7	683	60.29	
2004	1151	97.61	736	66.12	
2005	1557	98.78	742	68.79	
2006	1657	97.75	665	65.24	
2007	1621	100	890	61.47	

Class XII Results of last six years

2002	998	82.55	506	3.8	
2003	993	83.14	257	48.36	
2004	896	86.22	213	36.34	
2005	987	87.44	167	17.55	
2006	992	86.86	150	49.12	
2007	997	87.29	248	50.10	

2. Sainik Schools are primarily self sustaining institutions. These depend mainly on fees payable by the parents. The State Governments award scholarships on merit-cum-means basis. Ministry of Defence awards scholarships towards of defence personnel including ex-servicemen. The present scholarship amount is Rs.10,500/- for wards of Other Ranks. In addition, Ministry of Defence provides a part of scholarship as Central assistance to these students who are awarded State Government scholarships. Besides, Ministry of Defence have provided Rs.12.64 crore for subsidizing the tuition fee and dietary charges of every cadet to the extent of about Rs.10,000/- per year. The sharing of expenditure on fees/scholarships amongst Central Government, State Governments and the parents is as decided by the Board of Governors from time to time. The annual 10% hike in tuition fees has been discontinued *w.e.f.* 2006-07 and it has been linked to the inflation index. Training grants are also now being provided to the Sainik Schools by the Ministry of Defence to provide financial assistance for teachers' training, specialized competition oriented training to cadets and improvement of training infrastructure.

3. There are 21 Sainik Schools already functioning in the country and 'In principle' approval has also been given for opening of three more Sainik Schools *i.e.* in the States of Karnataka, Sikkim and Mizoram. A demand for opening a Sainik School in Chhattisgarh has also been received. The schools have been designed for a strength of 525 cadets and on an average about 600 cadets are presently authorized. It is not considered viable to increase the cadets strength further.

4. As per the Sainik Schools Society Rules & Regulations, the entire capital expenditure on land, buildings, furniture and educational equipments required by Sainik Schools and a major portion of the running expenditure is borne by the concerned State Government who are also responsible for maintenance of buildings, roads and installations and for major replacements. They are also required to release grants-in-aid sought for additional requirement of buildings and furniture, transport, laboratory equipment, etc.

5. There is, however, a wide disparity in the support being extended to the Sainik Schools by various States. A need was, therefore, felt to solicit active cooperation of the State Governments. A joint meeting of the State representatives and Principals of the Sainik Schools was taken by RRM on 24.4.2006. A draft Memorandum of Agreement (MoA) to be signed between the State Governments and the Sainik Schools Society was also circulated. The MoA clearly defines the responsibility of the either side towards these institutions. The commitment by the State Governments to provide adequate financial resources for creation and maintenance of infrastructure/ equipment and for revision of the scholarship slabs are integral features of this draft MoA. The matter regarding signing of the MoA is being pursued with the State Governments.

Abbreviations used:—

CBSE	Central Board of Secondary Education
NDA	:National Defence Academy
UPSC	: Union Public Service Commission
SSB	Service Selection Board
RRM	:Raksha Rajya Mantri

Recommendation (Para No. 4.33)

The Committee note that Army has undertaken a large number of civic action programmes aimed at winning the "Hearts and Minds" of the people in Jammu and Kashmir as well as in the North East as part of a strategy for conflicts prevention under these two operations *i.e.*, Sadbhavana and Good Samaritan.

Recommendation (Para No. 4.34)

The Committee during their visit to J&K, had taken note of the efforts being made by the Army for spreading harmony and healthy relations between Army and civilians. The Committee also noticed the good work being done by the Army in the field of education and upbringing the children of terrorists who died during Army operations. Keeping in view the noble cause of these civic action programme of Army, the Committee strongly recommend that the Ministry should allocate more funds to Operation Sadbhavana. The Ministry of Home Affairs should also make more allocation to Operation Samaritan in order to fortify harmony and integration among the people. The Committee feel that community development projects should be undertaken in these areas by involving local people. The Committee note that presently all Ministries of the Union Government are allocating 10% of their budget every year for the development of North East. The Committee desire that Army should be allocated funds from the corpus for the development schemes of North East. The Ministry of Defence should take up the matter with the appropriate authority for facilitating such an allocation.

Recommendation (Para No. 4.35)

The Committee also desire that for this purpose funds should be collected from different heads of the various Ministries like Health, Human Resource Development, Rural Development, Road Transport, etc. so that money may not be a constrain for this nodal cause and Army should continue to be the nodal cause organization for effective implementation of operation Sadbhavana and Good Samaritan.

Reply of the Government

The Government allots adequate funds to the Army for Operations 'Sadbhavana' and 'Good Samaritan' considering Army's operational commitments *vis-a-vis* commitments in development projects. The total allotments under Operation Sadbhavana and Operation Samaritan have increased from Rs. 16.00 crores in the year 2003-04 to over Rs. 63.00 crores in the year 2007-08. Based on recommendations made by the Committee, Defence Ministry has taken up the matter of allotment of funds for Operations "Sadbhavana" and "Good Samaritan" with the Ministries of Health & Family Welfare, Human Resource Development, Rural Development, Road Transport and Development of North Eastern Region.

Recommendation (Para No. 4.45)

The Committee are perturbed to note that Government of India accorded clearance for the development of an indigenous Main Battle Tank (MBT) Arjun in May 1974. Even after the lapse of more than 34 years, the nominated agency of DRDO could not execute the mission so far. Inordinate delay has escalated the original cost of MBT project from Rs.15.50 crore in 1974 to Rs. 306 crore in 2005. The Committee are surprised to note that neither the execution agency of DRDO or the certifying agency Director General Quality Assurance (DGQA) are taking responsibility for the inordinate delay and quantity in production of MBT Arjun. Out of 124 ordered for tanks for the users, only 15 tanks have been produced by the Heavy Vehicle Factory, Avadi. Therefore, the Committee desire that the Ministry of Defence should think seriously as to how to comply Arjun's requirement in a time bound manner.

Reply of the Government

The project for the design and development of Main Battle Tank (MBT) Arjun was approved by CCPA in its meeting held on 26 March 1974, in order to give the required indigenous cutting edge to our mechanized forces. Fifteen pre-production series of Arjun tanks developed by DRDO are in service with one squadron of 43 Armoured Regiment of Army.

Army HQ placed an indent for 124 MBT Arjun on Ordnance Factory Board (OFB) in March 2000. The first 15 Nos. MBT Arjun are being produced as Limited Series Production (LSP) tanks. Army has planned to carry out extensive exploitation of these tanks through Accelerated User Cum Reliability Trials (AUCRT) before Heavy Vehicle Factory (HVF) is accorded clearance for the bulk production of the remaining tanks.

Government sanction for creation of infrastructure for production of MBT Arjun was accorded in May 2002 with a total outlay of Rs. 100 crore (65 crore for Ordnance Factory, Medak and 35 crore for HVF, Avadi). The infrastructure is in place with effect from June 2006 which includes the following :—

- (i) Assembly line
- (ii) oBls, fixture and material handling facilities
- (iii) Profitment check facilities.

The production of MBT Arjun is regularly monitored through the quarterly Working Group Meetings held under the Chairmanship of Director General Mechanized Forces (DGMF) and the Steering Committee Meetings held under the Co-chairmanship of Secretary (DP) and SA to RM. Hon'ble RURM reviewed the production of MBT Arjun in July 2006.

HVF Avadi has completed the assembly of 53 tanks. Out of these, 5 tanks have been handed over to the Army for user trials which were successfully completed in June 2006. Defects noticed during the trials have been rectified.

Nine tanks were tendered for Joint Receipt Inspection (JRI). Army has completed the JRI of 5 tanks and the JRI of next 4 tanks is underway. It has been decided that all the 9 tanks would be issued to Army simultaneously and Army would undertake AUCRT on 2 tanks.

The production target for year 2007-08 is 32 tanks, thus the cumulative total at end of year 2007-08 is likely to be 85 tanks. Production of remaining 39 tanks is likely to be completed during 2008-09. Raksha Mantri is periodically reviewing the production schedule of MBT Arjun.

Recommendation (Para No. 5.9)

The Committee note that during the year 2006-07 under Capital expenditure at RE stage, reduction of Rs. 350 crore (296 crore under modernization and 54 crore under land and works) was made by the Government. Navy demanded Rs. 18387.80 crore for its Revenue and Capital expenditure during the year 2007-08 against this Rs. 17529.44 crore were allocated. It shows shortage of overall amount of Rs. 858.36 crores against the projected demand of Navy. The Committee further note that Naval Budget has grown from 13% of the Defence Budget in 1990s to current level of 17.5% for the year 2007-08, however, increase in the Revenue Budget is still 4% less than the present rate of inflation and additional allocation would be sought by the Ministry at RE stage to maintain operational readiness.

Reply of the Government

Against the overall projection of Rs. 103940.47 crores for BE 2007-08 the actual allocation given by Ministry of Finance is Rs. 96000 crores. This shows a shortfall of Rs. 7940.47 crores. The lesser allocation has been absorbed within the Services.

Navy is basically a capital intensive organization. Therefore, greater growth can be noted in the Capital head. Revenue requirements is not as high as that of Army. Hence, the growth under Revenue is not as high or commensurate with that of Capital. However, as recommended by the Committee and based on progress of expenditure, additional funds will be sought at RE 2007-08 stage, if required.

Recommendation (Para No. 5.10)

The Committee take a serious note that inspite of the fact that Navy is a capital intensive Service, with projects having a long term gestation period and as such sustained committed funding support is critical for modernization of the Navy, the Ministry drastically reduced the Capital expenditure budget by Rs. 350 crore under modernization plan of Navy during the year 2006-07. The projected demand of Navy during the year 2007-08 has also been reduced by Rs. 867.36 crore.

Reply of the Government

At the RE 2006-07 stage a cut of Rs. 3000.00 crores was imposed under the Capital head of Defence services. Of the same, the portion borne by Navy (under capital) was significantly less than that of Army and Air Force.

Against the overall projection of Rs. 45040.12 crores under Capital head for the financial year 2007-08, the actual allocation by Ministry of Finance is Rs. 41922.00 crores. Thus, there has been an overall shortage of Rs. 3118.12 crore. This shortage/shortfall has been shared by the Services/Departments.

Recommendation (Para No. 5.15)

The Committee are happy to note that for strengthening of Air Surveillance Capability, Navy have added 11 Dorniers in the last plan period. The Committee, however, keeping in view the fact that maritime responsibilities are increasing and will increase because of the growth of our economy and EEZ, strongly recommend the Ministry to make all out efforts to complete the ongoing work of ten fast attack aircraft being built at GRAC and to meet shortage of both short range as well as long range maritime surveillance aircraft in order to ensure greater surveillance and to meet any other emergent requirement to safeguard our maritime interest. The Committee desire that considering the fact that we have far flung islands like Andamans and Lakshdweep, the requirements of Air Surveillance should be reviewed on year to year basis and necessary steps should be taken to strengthen the surveillance for which necessary funds should be immediately provided to Navy.

Reply of the Government

The Navy's force structure planning is based on building capabilities that would be required to secure our National interests in the maritime areas of interests. These include the far flung island territories, which are always factored whilst planning the naval force structure in general and aviation assets in particular.

2. Review of ~~the~~ perception as well as capabilities required is also undertaken periodically to ascertain that existing and planned force structure are adequate to meet the operational tasks. Therefore, presently the thrust is on augmenting the surveillance capability of the Navy to cover all the areas of interests that include outlying island territories for which adequate provision has been made in the 11th Plan.

Recommendation (Para No. 5.20)

The Committee also desire that the Ministry of Defence should chalk out time bound process of acquiring MiG 29K for Vikramaditya and to depute our pilots for Training to operate it. The Committee may be apprised of the progress made by the Government in this regard.

Reply of the Government

Contract has already been concluded in January, 2004 for acquisition of MiG 29K/KUB aircraft from RAC MiG. The aircraft are being acquired in a phased manner. The first aircraft is likely to be delivered in Oct. 2007 and all the aircraft would be delivered by Nov. 2008.

2. As per the contract, Indian Navy pilots would be trained by RAC MiG in two phases. The first phase of training is scheduled to commence in October 2007. The second phase is linked with the commissioning of INS Vikramaditya for deck landing training.

Recommendation (Para No. 5.28)

The Committee note that there has been a declining trend of youth joining Armed Forces. The Committee observe that the service conditions of the Armed Forces are not such as to attract best human. As a result thereof, a substantial number of Pilots, Doctors, Technicians, Scientists in Armed Forces and from other Defence Organizations are leaving as they are in big demand outside the Services.

Reply of the Government

Several steps have been taken by the three Services to make the career in Armed Forces attractive and to fill up the vacant posts. All officers including those from Short Service Commission (SSC) are now eligible to hold substantive rank of Captain, Major and Lieutenant Colonel after 2, 6 and 13 years of reckonable service respectively. The tenure of SSC officers has also been extended to 14 years in the three Services.

Besides, the Armed Forces have undertaken sustained image projection and publicity campaign to create awareness among the youth on the advantages of taking up a challenging and satisfying career. Candidate-friendly recruitment procedures to attract more number of candidates and a focused publicity drive in various institutions to attract potential candidates have been undertaken. Awareness campaigns, participation in career fairs and exhibitions, advertisements in print and electronic media, motivational lectures in schools, college are also some of the other measures in this direction.

The Government has set up the Sixth Central Pay Commission to go into the question of pay, allowances and other facilities/benefits etc. of Central Government Employees including Armed Forces personnel. The three Services have submitted a joint memorandum to the Sixth Central Pay Commission containing detailed proposals for making a career in the Armed Forces attractive as well as to retain trained, experienced and qualified personnel. The Ministry and the Services also had an interaction with the Commission on the demands made by the Services.

Recommendation (Para No. 5.29)

The Committee are of the view that in order to attract the talented and best youth to the Armed Forces and to retain the existing strength, there is an imperative need to approach the Sixth Central Pay Commission to make the salary structure, facilities and working Service conditions of the personnel of Armed Force Services more attractive *vis-à-vis* private sector which pay them handsomely. The Committee are also of the view that there is need to introduce pre-selection training by the Ministry of Defence for the youth which may include lodging, boarding and transport etc. The aim of the training should be to attract youth to Defence services and equip them for final selection.

Reply of the Government

A joint memorandum has been submitted to the Commission by the three Services proposing various measures to make the Armed Forces attractive.

The Armed Forces are making a conscious effort through print and electronic media to inspire the youth to choose the services as a career option. In addition, the National Cadet Corps is doing a yeoman's service in attracting the youth towards the Armed Forces by focusing on the high values of military traditions. Further, measures like introduction of a technical entry scheme after 10+2 in the Army and Navy, increasing the quota of Short Service Commission officers and selection of competent Junior Commissioned and Non-Commissioned officers to a commissioned rank and improvements in promotional avenues and service conditions are expected to provide a thrust to the efforts to attract more talented youth towards the Armed Forces and retain the experienced personnel.

Rashtriya Indian Military College (RIMC), Dehradun and five Military Schools are being run under the aegis of the Army HQrs. In addition to these, there are 21 Sainik Schools located in various parts of the country, which are being run in collaboration with the State Governments. These institutions act as feeder institutions to the National Defence Academy (NDA). The curricula of these institutions are specifically designed to train the boys academically, mentally and physically for entry into the NDA. It is stated that about 30% strength of even number courses at NDA has been from Sainik Schools.

Recommendation (Para No. 5.30)

The Committee are of the firm view that in order to increase quality of work and change mindset of the officers, it is an imperative that Senior Officer from the Armed Forces must be allowed to go to IITs and if necessary abroad frequently for higher study/research and to get training in various science/technological working in the various field of operations to be undertaken by the Services to improve the entire capability of Defence.

Reply of the Government

The Army is sending its officers to various Indian Institutions of Technology to pursue Post Graduate technical courses. During the last five years, 282 Army officers have undergone these courses. Indian Army officers are attending courses/seminars and joint exercises in

other countries on a regular basis. Presently, there are 28 officers attending various courses abroad. The Navy is also regularly deputing officers with approximately seven years of commissioned service for various Post Graduate courses. The Air Force is sponsoring 28 Aeronautical Engineering Branch officers for courses in India every year. Some Air Force officers are being deputed abroad for such courses depending upon the availability of vacancies. Presently, four Air Force officers are also deputed for Post Graduate Diploma in Management (PGDM) at Indian Institute of Technology, Kharagpur; Master of Business Administration (MBA) at National Institute of Financial Management, Faridabad and Advanced Professional Programme in Public Administration, at Indian Institute of Public Administration, New Delhi.

Recommendation (Para No. 6.6)

The Committee note that the overall allocation to Air Force has been enhanced during 2007-08 by approximately Rs. 4000 crore as compared to the revised estimates 2006-07 out of which major part of the additional allocation has gone to the Capital Head. The Committee also note the utilisation pattern of the allocations under Capital Head during the term of the Tenth Defence Plan (2002-07) and find that during 2006-07 only Rs. 7034.76 crore have been spent (upto February 2007) out of Rs. 13006.50 crore (RE) allocated for the year. The Committee observe that there has been a slow pace of utilisation of the allocations made to Air Force for acquisition and other modernization projects during the year 2006-07. The Committee are seriously concerned about the gross under-utilisation of the available funds and feel that this may lead to tendency of the Ministry towards utilisation of funds in a hurry at the fag end of the financial year. The Committee therefore strongly recommend that the Ministry should take immediate steps in this direction and strive to utilize the entire funds allocated to the Air Force under Capital Head within the stipulated time period so that the ongoing modernization projects are completed without any cost and time overrun. The Committee may be informed about the action taken by the Ministry in this regard.

Reply of the Government

The allocation under Capital Budget of IAF at RE 2006-07 was revised from Rs. 13006.50 crores to Rs. 14766.50 crores at MA 2006-07. As against this revised MA an expenditure of Rs. 14624.50 crores *i.e.* 99.04% was achieved.

Recommendation (Para No. 6.7)

The Committee notes with concern, that in spite of several ongoing projects for the upgradation of available aircraft, air crashes are taking place due to technical defects, which put a question mark on modernization and upgradation programme of the Air Force. The Committee therefore, desires that Government should analyse technical causes of the air crashes and take immediate corrective measures to check the loss of precious lives and machines.

Reply of the Government

Modernisation & upgradation of IAF aircraft is undertaken with the aim of improving weapon delivery capabilities and avionics. Upgradation on IAF aircraft is a time consuming exercise. The system is first tested on the ground, then in the air, before it is finally certified as fit for operational use. Thereafter, all aircraft of the fleet are modified, either at repair agency, or *in-situ* in the flying units. As on date, 206 aircraft have been upgraded and out of 206 upgraded aircraft only 4 aircraft have met with accidents, which proves that air crashes cannot be attributed to the process of modernization & upgradation.

2. Accidents and incidents reported on IAF aircraft are attributable to different reasons viz: Human Error (Aircrew), Human Error (Servicing), Technical Defects, Bird Hits and Foreign Object Damage. Of these, Technical Defects account for 40% of the accidents, whereas, the Human Errors (Air Crew) account for 39% of the accidents followed by Bird Hits which accounts for 9%. It means that Technical Defects and Human Errors both put together accounts for nearly 80% of the accidents.

3. It is highlighted that technical Defects are not directly related to negligence on the part of any person. Most of these Technical Defects are caused by a multitude of factors such as ageing, wear due to environmental degradation, malfunction of a particular sub-assembly, degradation due to hot & humid conditions prevalent in most parts of our country.

4. IAF has been taking a number of remedial measures to ensure that accidents caused by Technical Defects, are brought down to the barest minimum. Almost all accidents occurring on IAF aircraft are investigated by Courts of Inquiry (CoI)/Technical Investigations (TIs). Recommendations of these COIs/TIs are implemented to prevent recurrence of failures. By these measures, a number of technological problems have been overcome on almost all fleets during the past five years.

Recommendation (Para No. 6.9)

The Committee note that in the Air Force there was a shortage of 18,749 posts during the 10th Five Year Plan. However, in October 2006, the Government sanctioned 12,676 posts which includes 1425 officers and 11,022 airmen, 197 non-commissioned officers and 32 civilian posts, thereby increasing the total Air Force cadre to 186,824 personnel which will meet the required minimum level of personnel considering the force structure of the Air Force. The Committee feel that by mere fulfilling the minimum requirement of the Air Force structure, the Service should not feel content, rather Government must strive to take immediate steps to increase the force level and fill up the shortage in the Air Force in a time bound manner so that the country's security is not compromised in terms of shortage of manpower in Air Force. The Committee desire that combat force strength of IAF must be maintained at the authorized level for all times. The Committee may be apprised about the progress made in this regard.

Reply of the Government

The requirement to sanction additional posts flows from the increase in force structure and/or increase in operational responsibilities. With sanction of additional 12,676 posts, the minimum requirement of the IAF, as on June 2007 has been met. Since induction of new weapon systems and aircraft is an ongoing process, the requirements of additional posts arising in future will be projected to the government for further sanctions on case to case basis and manpower as required to have the envisaged capabilities will be provided. As regards already sanctioned 12676 posts, the same are being filled in a phased manner.

Comments of the Committee

(Please see para 23 of Chapter-I)

Recommendation (Para No. 6.10)

The Committee further note that a proposal for 'Retention Bonus' for pilots and engineers is also under consideration and if the same is approved, it is likely to enhance induction as well as motivate the officers to continue in service. The Committee shortly desire that this should be done at the earliest and their pay scales etc. should be suitably revised so that they may not feel constraint to leave services. The Committee may also be informed of the action taken on the

proposal to revise the SSC scheme in flying branch to make both men and women eligible for SSC in order to overcome the shortage.

Reply of the Government

The proposal for 'Retention Bonus' for Air Force pilots and engineers is one of the proposals included in the joint memorandum submitted by the three Services to the 6th Central Pay Commission. The three Services Chiefs and Officers in Ministry of Defence also had a discussion with the 6th Pay Commission on 19th April, 2007 wherein all the issues in the memorandum were presented before the Commission.

The SSC scheme for flying branch of IAF has been amended making both men and women eligible to join the flying branch under SSC.

Comments of the Committee

(Please see para 26 of Chapter-I)

Recommendation (Para No. 6.17)

The Committee note that against the Government authorized level of 39.5 squadrons, the present strength stands at 33 squadrons. The Committee are given to understand that the authorized level of squadrons is planned to be achieved under 12th and 13th Plan periods. The Committee feel that the induction plan of the Air Force under 12th and 13th Plan periods is ironical in view of the fact that despite the lapse of the entire plan period, Tenth Defence Plan could not be completed.

Reply of the Government

The Government has initiated a number of measures to improve the combat strength of the IAF taking into account the number of existing aircraft which are completing their total technical life and the threat perceptions. These include induction of additional number of some aircrafts which are going to be in service, new aircraft including the medium multi-role combat aircraft and the light combat aircraft as well as mid-life upgradation of existing aircraft.

Recommendation (Para No. 6.19)

The Committee feel that most of the aircraft in the inventory of Air Force are quite old and therefore require immediate replacement.

The Committee also feel that the upgradation programme of the Air Force which is a continuous process is proceeding at a very slow pace. On the other hand, there has been under utilisation of the funds allocated for the purpose during the last financial year 2006-07. In view of this, the Committee strongly recommend that the Ministry should take immediate steps for the ongoing acquisition and upgradation programme by utilizing the entire funds allocated for the current year. The Committee also desire that to address the needs of adequate surveillance, procurement of various types of radars should also be taken up on priority and the Committee should be kept apprised of the procurement made in this regard.

Reply of the Government

Procurement as per current Annual Acquisition Plan (AAP 2007-09) is in process and plan is to utilize the entire funds allocated for the current financial year. All schemes are being reviewed regularly by a Joint Committee of MoD and Air HQ to ensure their fructification in a time bound manner and effective utilisation of funds allotted. Schemes being progressed include acquisition of combat aircraft and radars and upgradation of combat aircraft.

Recommendation (Para No. 6.20)

The Committee note that the long-term perspective plan of the Air Force (LTPP 2002-17) had been forwarded to the Ministry of Finance for approval and the Indian Air Force is in process to prepare, the LTPP 2007-22 which is planned to be put up for the approval of Defence Acquisition Council by October 2009. The Committee are very sad to note this progress of work on the preparation and finalization of LTPP. The Committee are further constrained to note that the 11th Plan document of the Air Force which has been forwarded to the Ministry of Defence include several carried over schemes of the 10th Plan and also includes the new schemes of the 11th Plan. The Committee strongly feel that the present pace of finalization and implementation of the schemes of the Air Force leave much to be desired. Therefore, the Committee desire that serious efforts need to be made to implement and realize the objectives set out in the plan document in a time-bound manner. The Committee desire to be apprised periodically about the progress made in regard to this implementation and achieving the target of authorized level of squadron strength.

Reply of the Government

1. Present LTIPP is for the period 2002–17. The LTIPP is planned to be revised every five years commensurate with the nation's five year plans. This is done to update the existing plans as per the achievements in the first five-year period as also to revise the plan based on any change in the geopolitical situation and advancement in technology. Therefore, LTIPP 2007–22 is in the process of preparation.

2. Procurement process as per current Annual Acquisition Plan (AAP 2007–09) is underway and plan is to complete the procurement process in the current financial year. All schemes are being reviewed regularly by a Joint Committee of MoD and Air HQ to ensure their fructification in a time bound manner and effective utilisation of funds allotted.

Recommendation (Para No. 6.23)

The Committee note that during the last four years, 52 aircraft of the Indian Air Force crashed, out of which 19 crashes are attributed to technical defect, 20 to human error, 1 to bird hit and 1 to miscellaneous reasons, 3 cases remained unresolved and 8 cases are still under investigation. The causes of air crashes raise two significant issues *viz* . upgradation programme of the Air Force for the ageing fleet is not at the desired pace and secondly, training facilities available to the Air Force Pilots are not well equipped. The Committee, therefore, feel that Government should make all out efforts to keep the upgradation programme of the Air Force on the track and at the faster pace and put all efforts for the immediate replacement of the old aircraft by making sufficient funds available for the purpose.

Reply of the Government

Procurement as per current Annual Acquisition Plan (AAP 2007-08) is in process. Schemes being progressed include acquisition of Combat Aircraft, Radars and Upgradation of Combat Aircraft.

Recommendation (Para No. 6.24)

The Committee, at the same time, also feel that since a large number of air accidents are also taking place due to human error, it reflects that the training methodology needs immediate improvement, correction and expansion. The Committee, therefore, earnestly desire that the training module being imparted to the Air Force pilots should be re-designed in such a manner that it matches the international

standards. The Committee feel that the induction of Advanced Jet Trainer (Hawk) will go a long way in enhancing the training capabilities of the Air Force and therefore desire that its induction should be expedited in the right earnest. The Committee may be apprised of the action taken by the Ministry in this regard.

The Committee further desire that training should be imparted to the Air Force pilots in time to acclimatize them in different types of Aircraft being inducted by the Air Force from time to time.

Reply of the Government

Induction of Hawk (AJT) Aircraft

A total of 66 Hawk Mk 132 AJT aircraft have been contracted. Out of these 24 aircraft will be delivered by BAE Systems, United Kingdom (UK) in flyaway condition and the rest would be licensed/manufactured by Hindustan Aeronautics Limited. The delivery of Direct Supply aircraft will commence from September, 2007 in batches of four aircraft per month. The delivery of license build aircraft will commence from March, 2008 in batches of 1-2 aircraft per month. The Main Operating Base (MOB) for Hawk aircraft is being upgraded and readied for the purpose with all requisite modern navigation aids, servicing facilities and training systems. The induction is on schedule and the first batch of trainee pilots on Indian Hawk aircraft are planned to commence flying in July 2008.

Training of IAF Pilots on Hawk Mk 132 Aircraft

As per Direct Supply Contract, upto 75 IAF pilots are to be trained at the U.K. in 13 batches of six to eight pilots each. All except one batch would consist of *ab-initio* pilots, while one batch would have Qualified Flying Instructors (QFI). Nine batches have completed their training and three batches are undergoing training in UK. The 13th batch is being prepared for departure to UK. In addition, 12 QFIs in two batches of six each will undergo conversion training on Hawk Mk 132 ac in UK. These QFIs along with those from Batch 12 will be in initial team of Instructors, ready to impart training on Hawk Mk 132 aircraft in July 2008.

Training of IAF Pilots on Other Aircraft

The induction of Hawk Mk 132 aircraft will herald a new training pattern in the IAF wherein, all trainees will now be exposed to ultra modern state-of-the-art avionics and aircraft systems before they move

on to our modern fleet of fighter aircraft. A fair amount of commonality in avionics and aircraft systems exists between Hawk Mk 132 and fighter aircraft. This will pay rich dividends in terms of ease of settling down in a new fighter cockpit, besides reducing the costly training requirement on fighter aircraft.

Recommendation (Para No. 6.28)

The Committee note that alarming trend of attrition of pilots from the Air Force who are joining the commercial aviation sector for the sake of attractive perks and packages. The Committee are disturbed to note that the increasing number of applications from the Air Force pilots for premature retirement is directly proportional to the increasing demand for trained pilots in civil/commercial aviation sector. The Committee feel that this trend will disturb the operational requirements of the Air Force and therefore immediate steps are required to be taken to contain this trend. The Committee, therefore, strongly desire that efforts must be made urgently in order to revise the pay structure of the Air Force pilots so as to make up the existing vast difference in the salary of an Air Force pilot and a commercial pilot and differences likely to arise in future. In addition to this, strong measures should also be taken to devise a mechanism by which Air Force pilots may not leave the services after training and induction into the Air Force. They should be made to sign an agreement before their induction to serve for a minimum prescribed years in the Air Force.

Reply of the Government

As regards the trend of attrition of pilots, Premature Retirements (PRs) are properly regulated and as such there is no shortage of pilots in IAF. The request for acceptance of premature retirement/resignation from the pilots are considered according to Government instructions. The majority of the Pilots released from service have already completed their useful tenure as Pilots. This release of Pilots does not affect the operational status of the Indian Air Force.

The improvement in the job profile of the IAF Pilots is a continuous process keeping in view the job specific requirements and operational necessity. The vacancies in the Forces including those arising due to premature retirement/resignation are filled up as per normal procedure.

To consider the issue of pay and allowances and other service benefits/conditions etc. of the Government employees including Defence personnel, Government have set up the 6th Central Pay Commission.

With a view to improve the pay structure and living conditions, and to adequately compensate for the risks and hazards the armed forces men, a joint memorandum on pay and allowances and other related issues of Armed Forces has been submitted to the 6th Central Pay Commission (CPC). Interaction has also taken place with the 6th CPC at the level of Service Chiefs and Defence Secretary.

Recommendation (Para No. 6.29)

The Committee understand HAL, Nasik has all the facilities of production, repair, overhauling of MiG series aircraft to train the pilots, however, they do not have any training college. In this context, the Committee are of the view that this infrastructure could be utilized to open a new pilot training college so that number of trained pilots can be increased. The Committee also desire that HAL, Nasik may explore possibilities to tie up with other reputed pilot training institutions to make the training programme more effective.

Reply of the Government

The need for utilizing the infrastructure, capability and expertise available at HAL, Nasik for training of new pilots, leading to Licensing of Pilots has already been recognized and a proposal for setting up an Aviation Institute at HAL, Nasik under an agreement with an international institute of repute is under active consideration.

Comments of the Committee

(Please *see* para 32 of Chapter-I)

Recommendation (Para No. 7.6)

The Committee take a serious note of the fact that the percentage expenditure on R&D which was 6.55 and 6.35 per cent of Defence expenditure in 2005-06 and 2006-07 respectively has come down to 6.13 per cent in 2007-08. The Committee note that developed country like USA is spending 14.4 per cent budget on its Defence R&D. Even the neighbouring country like China is spending around 15 per cent of its Defence budget. The Committee feel that in order to make the country self-reliant in Defence production, it is absolutely necessary to increase expenditure on Defence R&D at least to ten per cent of total Defence expenditure.

Reply of the Government

The details of Defence R&D budget and Defence expenditure for the years 2005-06 to 2007-08 are given below :

Year(s)	Defence R&D Expenditure (Rs. in Cr.)	Defence Expenditure (Rs. in Cr.)	% of Defence R&D expenditure to Defence Expenditure
2005-06	5302800.26	800.26	6.55%
2006-07	5456800.00	3600.00	6.35%
2007-08	5887.229(BE)	3600.00(BE)	6.13%

It is observed that the Defence R&D budget in absolute terms has increased progressively, though there is decline in terms of percentage of Defence expenditure. However, Defence R&D expenditure is expected to increase further due to induction of new programmes/schemes during 11th plan period.

Ministry of Defence now can directly fund the development to Industries, both Public and Private, under the "MAKE" procedure of DPP-2006. This would substantially increase the Defence R&D expenditure in future.

Recommendation (Para No. 7.7)

The Committee during the course of examination of subject DRDO had observed that the proposals of various incentives/facilities to be given to the scientist were still pending with the Government. The Committee are of the firm view that scientists who are fully committed to the research work assigned to them and show results, must be encouraged by the Government by providing optimal, congenial and healthy atmosphere. The Committee desire that the Government should extend royalty to the scientists for the original R&D work done by them and any product developed thereon. The Committee desire that a board of permanent nature consisting of Distinguished Scientists should be created to provide accelerated promotion to the scientist on the basis of their performance and outcome in their respective field. The Government may be the owner of that patent and the scientists who have done the research work can be paid a major share in royalty received on that patent. It has been brought to the notice of the Committee that Departmental Promotion Committee (DPC) meeting are not held on regular basis resulting in denial of promotion to a

large number of scientists. The Committee desire that DPCs meetings should be held regularly every year and update the cadre by promotional recruitment. This will work as an incentive to the scientists and other relevant staff as the case may be. This will go a long way in boosting the moral of scientists in DRDO. The Committee also desire that Ministry should make all out efforts to fill up all vacancies in Services, Defence PSUs, Ordinance Factories and particularly DRDO in a time bound manner. The Committee hope that these positive steps, if taken by the Government, will immensely help to encourage our scientists to work with full devotion and commitment and show the results. The Committee may be apprised of the action taken in this regard.

Reply of the Government

It is true that some scientists of DRDO are leaving organization due to better opportunity available outside. To encourage, attract and retain scientists, DRDO has proposed incentive schemes which is under consideration by the Government. Another proposal has already been submitted to 6th Central Pay Commission. These proposals also cover incentives for in terms of royalty on patents filed by the scientists.

As far as the promotions of scientists are concerned, in DRDO, these are based on Flexible Complementing Scheme (FCS) under which scientists are promoted from one grade to the next higher grade, after a prescribed period of Service. These promotions are based on the basis of merit and ability irrespective of any vacancy in the higher grade as per DRDS rules amended from time to time. DRDO ensures the completion of the Assessment Board Proceedings (DPC) well in time so as to declare the result of promotions by 30th June every year to enable all the promoted scientists to join the next higher grade on 1st July. The Assessment Board is constituted as per rules keeping in view the area of work of the respective scientists, his performance and outcome, etc. The Assessment process is time bound and regular in nature and is completed as per schedule without any delay.

Recruitments/ filling up of vacancies is an ongoing process and all efforts are made to fill up the vacancies at the earliest. The recruitment process in DRDO is one of the fastest process for recruiting the scientist and it takes around 4-5 months to complete it from release of vacancies to the recommendations made by Recruitment and Assessment Centre (RAC). Presently, RAC is in the process of recruiting 500 scientist through Scientist Entry Test (SET) conducted on All India basis followed by interviews.

Recommendation (Para No. 7.8)

The Committee are given to understand that the Ministry of Defence/DRDO are not inclined to accept the recommendation of the Committee in their earlier reports that R&D work of medical, life and other allied sciences should be entrusted to the concerned organization relating to these subjects and the DRDO should concentrate on the fundamental and critical Defence research work. The Committee therefore strongly reiterate their earlier recommendation and also further desire the Ministry of Defence to consider the matter and appoint an expert committee to go into the matter in detail. In this regard, the Ministry may also see the practice being followed by the developed countries of the world.

Reply of the Government

Life sciences laboratories are not engaged in fundamental research in the medical sciences but only carry out directed research in defence-critical products and technologies like, NBC, Bio-terrorism, problems related to high altitude stress, and augmentation of fresh/nutrition food for sustaining troops in field areas as required by the Indian defence forces. The limited activities in the life science areas are of direct use to the Services and is highly appreciated by them.

Nevertheless, the whole issue of management of DRDO and its associate setup is being looked into by an independent Review Committee chaired by Dr. P. Rama Rao.

Comments of the Committee

(Please *see* para 35 of Chapter-I)

Recommendation (Para No. 8.7)

The Committee are unhappy to note that the Disabled War Veterans have to literally fight for each and every measure which can ameliorate their living conditions after being invalided out from the Armed Forces. Often they are forced to go to the court to get justice. Presently 3528 cases are pending in various High Courts relating to their pension alone. The Committee feel that it is the duty of the nation to look after welfare of the soldiers who have lost their limbs for no fault of their own while protecting and serving the country. Thus when admitted or visiting military hospitals for treatment, they should be given the highest consideration of officers being admitted in the senior officers/VIP wards and other ranks being admitted in JCO wards. The

need for a special identity card identifying the war disabled is also necessary so that they can get preferential treatment in various services like Railways, Roadways, Airlines etc. The Committee desire that all out efforts should be made to make life easy for the disabled veterans. The Committee also desire that a special window should be opened in all the Military hospitals for War Disabled Veterans and adequate representation in various boards/organizations of the Ministry of Defence may also be given to them.

Reply of the Government

Disabled soldiers when admitted or while visiting Military Hospitals are given needed facilities and treated as per requirements. Comprehensive medical care is provided to all disabled soldiers as and when required.

They also get treatment at paraplegic homes at Kirkee (Maharashtra) and Mohali (Punjab). They are provided artificial limbs by Artificial Limb Centres. Blind soldiers are provided psychological support to overcome the shock of blindness and imparted vocational training by St. Dunstan's After Care Organisation, Dehradun.

As a special case, they have been exempted from payment of contribution for becoming members of Ex-servicemen Contributory Health Scheme (ECHS). They are provided full range of medical treatment for all known diseases in ECHS empanelled service hospitals. Permanent war disabled officers who have been invalidated out of service and the dependent members of their family are given 50% for air travel concession.

The matter regarding issue of special identity cards to the disabled soldiers is under examination in consultation with Kendriya Sainik Board (KSB). Regarding opening of a special window in the Military Hospitals for them, necessary instructions for opening a special window in all Military hospitals for issuing medicines to war-disabled veterans and according to them priority in admission and treatment have been issued by Director General of Armed Forces Medical Services (DGAFMS). As regards representations of war-disabled in various boards/organizations, their due representations will be considered in Rajya Sainik Boards (RSBs)/Zila Sainik Boards (ZSBs).

Comments of the Committee

(Please *see* para 38 of Chapter-I)

Recommendation (Para No. 8.8)

The Committee note that Prosthesis are not a one time fitting. These need to be replaced/ refitted as and when necessary, as each and every part has a life. This involves, at an average, a refitting every two to three years. Artificial Limb Centre (ALC), which provides limbs to the disabled soldiers, is lagging far behind in its modernization and research. The limbs provided by ALC, besides being extremely heavy and obsolete, take considerably long time in making or refitting them.

Reply of the Government

The Artificial Limb Centre (ALC), Pune is an ISO 9001 – 2000 certified unit established in 1944 and is a pioneer in the field of manufacture of Prosthesis and Orthoses. The Centre manufactures over 4,000 artificial limbs in a year which include the conventional wooden limb and the state of the art modern limb in equal measure and its range of products meets international standards of quality. The Centre as a policy issues two limbs to every patient, of which one is conventional and the other state of the art limb with imported components. Patients especially those from rural India/hilly regions (serving and retired) prefer use of the conventional limb as the same is more rugged and 'soldier proof' and requires little or no maintenance. The use of the state of the art limb with imported components is restricted as the state of the art limbs albeit very comfortable are sophisticated and need deft handling. The limbs manufactured at the ALC are in no way heavy and the techniques of manufacture are far from being obsolete. The Centre has incorporated the carbon fibre rod popularly called the Debel, a product of DRDO. The Centre is spending approximately Rs. 25 lakhs every year to procure imported components which are being used in all Above Knee limbs. These are being procured from the best agencies in the world. The new limbs are issued to a patient within 2-3 weeks of arrival in case of state of the art modern limbs and within 3-4 weeks in case of conventional limbs, as these require more manufacturing time. The time taken includes that for trial gait training and organizing return journey reservation.

Recommendation (Para No. 8.9)

The Committee note that there are other manufactures of artificial limb, who make water proof, light and cheap alternative to those manufactured by ALC. The Committee, therefore, recommend that the Ministry should explore the possibility of technical collaboration of ALC with other National or International Companies to manufacture

light and strong prosthesis or otherwise the Ministry may take initiative to have public – private collaboration or may enter into contract with the private manufacturers as the case may be to ease their problems.

Reply of the Government

The limbs manufactured at the Artificial Limb Centre (ALC) are comparable to the best in the world. The Centre employs modern equipment for manufacturing the limbs and they are in no way inferior to the ones manufactured by civil agencies at very high costs. The limbs fitted to patients at the ALC are the joint efforts of the Orthopaedic Surgeon (Prescribing agency) and the Engineer (Manufacturing agency). Most civil agencies pay scant regard for the utility of the limb to the patient and are only concerned with furthering their business interests. These centers only provide limbs whereas ALC, provides comprehensive rehabilitation to all. The Centre is procuring imported components from most renowned agencies and no collaboration with any public/private agency is advocated. The Centre needs no expertise related to manufacture as its work force is peerless in skill and dedication. The Centre is on the threshold of acquiring a Computer Aided Design and Manufacturing equipment which will give further fillip to its modernization. There are not more than four or five centers in the world using such advanced technique.

Recommendation (Para No. 8.12)

The Committee desire that the Ministry should create a separate cell to deal with the grievances of the war disabled persons and chalk out a policy to help the war disabled veterans and their dependent family members in an efficacious way and implement it in a time bound manner. In this regard, the Committee further desired that war disabled soldiers and officers should be treated at par.

Reply of the Government

The grievances of the War disabled soldiers are already being addressed. However, action to create a separate cell by designating suitable officers to exclusively deal with their problems being taken War disabled soldiers and officers are already treated at par for employment.

Recommendation (Para No. 8.13)

The Committee note that a meagre sum of Rs. 8,000/- is given as Marriage Grant for Daughter, Rs. 15000/- for medical Grant, Rs. 10,000

for House repairs, Rs. 300/- pm upto Std XII for three children and Rs. 1000/- pm for two years to financially destitute ESM monthly. The Committee feel that these grants do not serve any purpose, therefore, the Committee strongly desire that keeping in view the rising cost of living, these grants should be suitably enhanced and the Committee may be informed of the progress made by the Ministry in this regard.

Reply of the Government

The financial assistance being granted to ex-servicemen/widows for various purposes like marriage of daughter, house repair etc. has been enhanced by 100%. A copy of the order issued in this regard is enclosed.

Recently Prime Minister's Scholarship Scheme has been launched. Under this scheme wards of ex-servicemen/widows are also granted scholarship for higher professional studies like engineering, medicine, dental, veterinary, MBA, MCA etc. for a period of 2 to 5 years @ Rs. 1250/- per month for boys and Rs. 1500/- per month for girls.

Recommendation (Para No. 10.9)

The Committee are concerned to note that there are serious shortages in the force level of Coast Guard. Against the assessed requirement of 154 ships, 93 boats and 105 aircraft, the present force level is only 42 ships, 18 boats and 45 aircrafts. The Committee also note that there is inadequate surveillance capabilities of Coast Guard in various fields. Pertaining to the manpower of coast guard, the Committee note that keeping in view the daunting task of coast guard in peace and war situation to protect the huge coast line and exclusive economic zone the present level of manpower i.e 6,016 service personnel and 853 civilian, seems to be inadequate. The Committee are concerned to note that there is huge reduction in the budgetary allocation from BE to RE 2006-07. Therefore, the Committee earnestly recommend that the surveillance capability and manpower of the Coast Guard should be enhanced as per the assessment and the Committee desire the Ministry to utilize the increased allocation in BE 2007-08 and if required they may seek additional funds at the Revised Estimates stage.

Reply of the Government

It has been planned to achieve the target of 120 ships, 93 boats and 105 aircrafts by 2022 by graduated procurement with proportionate infrastructure development and augmentation of the trained manpower. Manpower induction also has been accelerated and the training

requirement of increased manpower is being met by seeking additional vacancies in the training establishments. The reduction in the budgetary allocation from BE to RE 2006-07 was due to floods in the year 2006 in Gujarat. The ongoing scheme of construction of Pollution Control Vessel (PCV) at M/s ABG, Surat, Gujarat received a setback due to the said floods in the last financial year. Now the yard is making all out efforts for ensuring completion of project in time. As a result, a sum of Rs. 100 crore (approximately) could not be utilized during the year 2006-07.

2. Further with an objective to streamline the capital acquisition procedure of Coast Guard as per Defence Procurement Procedure (2005), their Annual Acquisition Plan (AAP) has been brought under the purview of Defence Procurement Board (DPB). The Annual Acquisition Plan for the year 2006-07 of Coast Guard along with other three Defence Services is coordinated by Headquarters Integrated Defence Staff (IDS)/ Ministry of Defence. As the new procedure, through HQ IDS took some time to stabilise some of the schemes which were envisaged for the year 2006-07, got delayed and are being programmed in the current financial year.

Recommendation (Para No. 10.10)

The Committee also recommend that Navy should impart institutional training to Coast Guard Personnel in order to increase safety and aerial surveillance. This will also facilitate effective coordination between the two organizations.

Reply of the Government

At present Coast Guard personnel are being imparted training by Naval training institutes. Only certain courses which are specific to Coast Guard are being conducted in Coast Guard Training Centre.

Recommendation (Para No. 10.18)

The Committee note with concern that a large number of cases are pending in various courts regarding compensation paid to the persons whose land was acquired by the Government for Defence purposes and the aggrieved people are not getting compensation in time. Therefore, the Committee strongly desire that the Ministry of Defence should take initiative to settle the cases outside the court through reconciliation/negotiation.

Reply of the Government

For settling court cases arising out of acquisition of land through reconciliation/ negotiation, Ministry of Defence has considered some cases through Lok Adalats. It is an ongoing process, which is taken up on case to case basis, wherever feasible.

CHAPTER III

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

Recommendation (Para No. 2.17)

The issue of defence preparedness and our ability to meet the threat perception is closely related to the quantum of funds made available to our services. In this regard, the Committee are distressed to note that five year Defence plans have lost their utility for resource planning, as 10th Defence plan got tentatively approval at the end of its specified period and 11th plan which begins from April, 2007 is yet to get final clearance from the Ministry of Finance. The Committee also observe that every year the annual budgetary allocation for the armed forces particularly for capital acquisition is being reduced at RE stage as a result of which a number of schemes do not fructify which causes delay and cost overruns in the modernization of the Armed Forces. The Budget outlay for the year 2007-2008 indicates that the allocations have been increased to Rs. 96,000 crores i.e. an increase of around 11 percent growth over the BE 2006-07. Given an inflation rate of 5 to 6 percent, the increase is marginal. In this context, the Committee are concerned to note that Defence outlay since 2004-05 as a percentage of GDP has been continuously declining. Defence outlay during 2006-07 was 2.10 percent of GDP has been further reduced to 2.07 percent. The Committee, therefore, strongly recommend that the Ministry of Defence should take up the matter with the Ministry of Finance for providing a minimum 3% of GDP for Defence Services every year in order to ensure a fixed amount to carry out their modernization, Capital acquisition and R&D Programme and fulfil the need based requirements of the Defence Forces.

Reply of the Government

The recommendation refers to inadequate budgetary allocation. The allocation of funds in budget is made based on the demand projected by the forces as per plans as also assessment of likelihood of expenditure during the year and overall availability of funds. It may be noted that during last 3 years a substantial increase has been made in the defence budget particularly on capital side. Government is committed to provide adequate funds to implement the planned

programmes for modernization of the Armed forces and if need arises, additional fund by way of reappropriation may be provided. No planned programme of forces will be allowed to suffer due to lack of funds.

The issue regarding linking the Defence budget as a percentage of GDP was taken up with the Ministry of Finance who have stated that the Defence spending cannot have any logical connection with external variables like GDP or total expenditure of the Government though it can have a nexus with the overall threat perception to the security of the nation. Higher GDP would no doubt make more resources available for Defence but substantial resources are also required for developing rural and urban infrastructure providing education and health services and higher spending in the social sector to achieve a more inclusive growth. However, this does not compromise the commitment of Government towards ensuring defence preparedness and necessary funds for this purpose will be provided for.

Recommendation (Para No. 4.14)

The Committee note that out of Rs. 45,764 crore of budget of Army, Rs. 2,793 crore are proposed to be spent on non-intrinsic items/ activities of Army which includes National Cadet Corps (NCC), Ex-Servicemen Contributory Health Scheme (ECHS), Director General Armed Forces Medical Services (DGAFMS), Commonwealth Games, Republic Day and other miscellaneous activities. The Committee are of the view that non-intrinsic budget should not be a sole responsibility of Army as this expenditure is also concerned with the other Services of the Army Forces. The Committee, therefore, recommend that Ministry should create a separate head under Civil budget of the Ministry of Defence and Army can be entrusted with administrative authority to facilitate them.

The Committee recommend that expenditure incurred by Director-General Quality Assurance (DGQA) should be shared by all the three Services proportionately.

Reply of the Government

For budgetary purposes National Cadet Corps (NCC), Ex-Servicemen Contributory Health Scheme (ECHS), DGAFMS and Director-General Quality Assurance (DGQA) are parts of Army Grant. It is not that their budgetary requirements are carved out of Army's Grant. Instead, the assessment of budgetary requirements of said organizations are done separately and included or added to Army's

Grant for budgetary purposes only. The other Grants within Defence budget also contain such clubbing for budgetary purposes. For instance, the requirements of Jt. Staff/ HQ IDS though assessed separately remain within Navy's Grant for budgetary purposes. Creation of a separate head under civil budget for the aforesaid Organizations shall be long drawn and require approvals of statutory audit and Ministry of Finance.

Recommendation (Para No. 4.18)

Considering the fact that all difficult and hazardous tasks, such as counter insurgency and counter terrorism, internal and external security, rescue and relief operations during floods and all kind of disasters fall in the lap of the Services and are undertaken by Armed Forces personnel, the Committee in their 11th Report on Demands for Grants 2006-07 had recommended that the Government should seriously consider the separate Pay Commission for the Armed Forces which can appreciate the peculiar problems of the forces and suitably compensate them for the difficult conditions in which they serve. This, however, has not been accepted by the Government. The Committee reiterate their earlier recommendation for setting up of separate Pay Commission.

Reply of the Government

The recommendation has been considered in consultation with Ministry of Finance (Deptt. of Expenditure). Ministry of Finance have stated that "the 6th Pay Commission covers all categories of Central Government employees including those serving in the Armed Forces. Its recommendations will take into account the relativities between different categories and grades of employees thus giving a holistic picture of Central Government pay scales. The Commission will also be receiving representations from a number of organizations including those representing the Armed Forces and these will be taken into consideration while firming up its recommendations." In this background, it is felt that a separate Pay Commission for Armed Forces is not feasible. It is also informed that the Services have been permitted to have direct interaction with the Commission to present their views.

Recommendation (Para No. 4.19)

The Committee are given to understand that a large number of discrepancies, brought to their notice by various non-official witnesses, regarding Fifth Pay Commission's recommendations; one of them being that it gave a Brigadier more pension than a Major General. It also removed the, "Running Pay Band" given by the Fourth Pay

Commission to compensate for very limited promotions in the armed forces. The more disturbing the fact is that a Sepoy in the Army gets less than half the pension of a peon in the Central Government.

Reply of the Government

An anomaly is alleged in fixation of pension of pre 01.01.1996 retiree Majors General and equivalents in the Armed Forces *vis-a-vis* Brigadiers and equivalents. This is because the revised pay scale of Brigadier (Rs. 16700-450-18050) starts with Rs 16700/- along with admissible Rank Pay of Rs 2400/- per month. Thus, the minimum reckonable emolument for calculation of pension for a Brigadier is Rs. 19100/- whereas for a Major General the minimum of pay scale is Rs. 18400/-, there being no Rank Pay for the ranks of Major General and above. Accordingly, the minimum pension of pre 01.01.1996 retiree Brigadier (for 33 years of service) is fixed at Rs 9,550/- per month *i.e.* 50% of Rs 19100/-, whereas the minimum pension of a Major General is fixed at Rs 9200/- *i.e.* 50% of Rs 18400. However, this discrepancy has been removed as per existing provision in the order that the retiring pension of an officer of the rank of a Major General shall not be less than the pension which would have been admissible to him as a Brigadier had he not been promoted to the higher rank. By virtue of this provision, minimum pension of all Major Generals who retired prior to 01.01.1996 has been stepped up to Rs. 9550/- per month, which is the minimum pension for the lower rank of Brigadier. Thus, no officer of the rank of Major General is drawing/has drawn pension less than an officer of the rank of Brigadier.

As regards pension in respect of Sepoy, Government have recently improved the pension structure by increasing the weightage in the qualifying service from 5 years to 10 years subject to maximum 30 years service. Further, in the case of pre-96 retirees, it has also additionally been provided that the pension of Personnel Below Officer Rank will be computed with reference to the maximum of the pay scale introduced with effect from 01.01.1996.

A current retiree in the rank of Sepoy having 19 years qualifying service with weightage of 10 years is entitled to a pension of Rs. 3212/- per month, 2983/- per month and 2656/- per month for X, Y and Z categories respectively whereas a peon in the Central Govt. having put in 33 years service is entitled to a pension of Rs. 2400/- per month. Thus, the contention that a Sepoy in the Army gets less than half the pension of peon in Central Government is factually not correct.

In so far as the issue relating to running pay band given by the IV CPC is concerned, the IV CPC had recommended integrated pay scale for the rank of 2nd Lieutenant to Brigadier and pay scales for higher ranks. The Fifth CPC, however, made their recommendation for grant of regular pay scales.

Recommendation (Para No. 4.20)

The Committee also feel that the Fifth Pay Commission completely ignored the hardships of a career in the Armed Forces. It did not consider the truncated careers, extremely limited promotions, long separations from families, limited family accommodations in peace stations, hard living service conditions in uncongenial and difficult areas, risks to life and limb and other travails.

Recommendation (Para No. 4.21)

The Committee observe that successive Pay Commissions have made service in the Armed Forces unattractive, which is one of the reason of a large number of deficiency of officers in the Army. The Committee are given to understand that between 2001 and 2004 more than 2000 officers applied to leave the Army. These included 2 Lt.-Gens., 10 Maj-Gens. 84 Brigadiers and the remaining Colonels and below. The situation in the IAF is even more distressing. Against this a very few IAS, IPS and other Central Services officers have opted to leave their services prematurely.

Reply of the Government

The Fifth Pay Commission *vide* para 145.13 of their Report (Vol.-III) stated as under:

“We have studied and seen for ourselves the conditions under which Servicemen operate, the complexity of weaponry they are required to handle and the nature of duty and responsibilities they have to carry out...” This indicates that the Commission took into account the conditions under which the forces operate which *inter alia* includes hardships faced by them.

The successive Pay Commissions have recommended enhancements in the pay and allowances of the Government employees including the Service Personnel keeping in view their working conditions as also the overall resource position. The grounds on which service officers prematurely leave the service *inter alia* include supersession, compassionate reasons *e.g.* looking after old parents etc.

Recommendation (Para No. 4.22)

During the oral evidence of the representative of the Ministry of Finance on the Demands for Grants and other related matters of the Ministry of Defence, they could not furnish any plausible explanation for even non-inclusion of a representative of Armed Forces on the Sixth Pay Commission except that the Commission was an independent body and had corresponded with the Ministry of Defence and it felt no necessity for having a member of Armed Forces.

Reply of the Government

The issue was taken up with Ministry of Finance (Deptt. of Expenditure) who observed:

“The 6th Pay Commission is of the view that it will not be necessary to have a representative of the Armed Forces in the Commission. It would however be open to receiving the views of the Armed Forces through a suitable nodal officer to be appointed by the Ministry of Defence. It was also felt that the Members of the Pay Commission do not represent any particular service or organization but would be working on various issues concerning the overall service conditions of the Central Government employees.”

The Commission have permitted the three Services for a direct interaction with the Commission.

Recommendation (Para No. 4.23)

The Committee are given to understand that Armed Forces do not have right to form union/association to represent their demand before Pay Commission. Therefore, they strongly recommend that representatives of the Ministry of Defence and Armed Forces while representing the case of Armed Forces before Sixth Central Pay Commission must pursue, and apprise the difficulties/risky working conditions and problem of attrition of officers and Jawans from Armed Forces. The Committee desire that the Sixth Pay Commission must consider the anomalous conditions of the Fifth Pay Commission's recommendations and provide attractive salary structure and better service conditions to Armed Force personnel so that they may feel proud to serve the nation and live a dignified life.

Recommendation (Para No. 4.24)

The Committee are deeply concerned to note that the vacancies and additional requirement of manpower in the Armed Forces are

increasing and the Ministry of Defence are facing difficulties in filling up of the vacancies as talented youths are not coming forward to join Armed Forces. Therefore, the Committee desire that the issue may be adequately addressed in the Sixth Pay Commission in order to attract best talented youth to join Armed Forces.

Reply of the Government

The Armed Forces have submitted Joint Memorandum to the VI CPC containing detailed proposals for making a career in the Armed Forces attractive as well as to retain trained and qualified manpower. The three Service Chiefs and representatives of MoD also had a discussion with the 6th CPC on 19th April 2007 wherein the issues concerning the Services as reflected in the Committees recommendation were also raised. The representatives of the Services and MoD are also regularly interacting with the Commission on specific issues.

Recommendation (Para No. 5.31)

As regards recruitment of sailors, the Committee are of the considered view that youth belonging to the coastal areas must be imparted pre-selection training with adequate lodging, boarding etc., so as to exploit their maximum ability, sustainability, tolerance of weather conditions which they possess inherently more than other non-coastal candidates and encourage them to join Navy and Coast Guard Services. The Committee also recommend that for the proposed training should be imparted to the recruits in regional languages in order to make training purposeful and efficacious.

Reply of the Government

Recruitment in the Navy and the Coast Guard is done on All India basis. Youth living in coastal areas can join Indian Navy and Coast Guard, if selected. To provide opportunities to the youth of the coastal areas, 12 recruitment centres of Indian Navy have been activated in coastal areas, *viz.* at Dwarka, Jamnagar, Karwar, Goa, Kochi, Tuticorin, Coimbatore, Chennai, Visakhapatnam, Chilka, Kolkata and Port Blair. Special recruitment drives in the form of open rallies have been carried out in all Southern Coastal States in March 2007. It is not found feasible to accept the recommendations for imparting pre-selection training.

Recommendation (Para No. 10.17)

The Committee observe that there is no separate budgetary provision for paying compensation, rehabilitation and resettlement in

case of land acquisition. In this connection, the Committee desire that the Ministry of Defence should make correct assessment of the land to be acquired, the compensation to be paid and the pending cases, where they have to pay compensation and project the amount for this purpose under a separate budgetary head. This will facilitate early settlement of rehabilitation cases and redress the grievances of the affected persons at the earliest.

Reply of the Government

In so far as the observation concerning separate budgetary provision for paying compensation, rehabilitation and resettlement in cases of land acquisition is concerned, separate budgetary provision for payment of land acquisition compensation already exists. Land acquisition cost, including the cost of rehabilitation to be borne by the Ministry of Defence, is catered for out of the budgetary provision made under Major Head 4076—Capital Outlay on Defence Services with separate sub-major heads and code heads allotted to different Services. Payment of rehabilitation and resettlement compensation are all necessary parts of the acquisition cost. These expenditures are all integral parts of the project expenditure of the concerned service and hence, the same are required to be projected against the particular project.

CHAPTER IV

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

Recommendation (Para No. 5.11)

The reduction of projected budget allocation, forces the services to reprioritise and abandon their capital schemes, which as a result deprive the Service to avail the intended benefit of that schemes/projects envisaged by them which directly affect the moral of the Armed Forces Personnel security of the nation as a whole. The Committee, therefore, urge the Government to increase Naval share in the Defence budget from current level of 17.5% to 30% as proposed by the Finance Commission so that budgetary allocation to Navy may grow in consonance with their long term plan for self reliance in Naval defence. The Committee also hope that Navy would be provided additional Revenue Budget allocation at RE stage to maintain operational readiness.

Reply of the Government

In order to take care of items of Capital nature there is single Capital head for Defence Services. The allocation is given to Capital head of Defence Services in a consolidated manner by Ministry of Finance. The further sub-allocation to various Services and Departments are made by Ministry of Defence. Since allocation is less than the Projection for the financial year 2007-08 the shortfall has been shared by the Services and Departments.

However, as recommended by the Committee and based on progress of expenditure, additional funds will be sought at RE 2007-08 stage, if required.

Recommendation (Para No. 5.19)

The Committee during the examination of Demands for Grants of the Ministry of Defence for the year 2006-07 were given to understand that there is a need of three aircraft carriers wherever as of now country have only one Aircraft Carrier *i.e.* Virat. The Committee note that after refitting, Admiral Gorshkov is to be procured from Russia

by the end of 2008 and Air Defence Ship (Ship Carrier) is under construction at Cochin Shipyard Ltd. (CSL). Considering the fact that refitting work of Admiral Gorshkov is already delayed in certain areas, the Committee are concerned to note that the Ministry have not drawn up any plan to meet the shortage of two carriers in the intervening two years. The Committee, therefore, urge the Government to pursue this vital and strategic important matter with the high level delegation of Russia to expedite the procurement of Gorshkov Vikramaditya and also make concerted efforts for providing necessary infrastructure and make necessary budgetary allocations for speedy completion of work of Air Defence Ship being constructed in CSL.

Reply of the Government

Both the ADS and Gorshkov projects are being closely monitored by the Empowered Apex Committees and Steering Committees constituted separately for both the projects. These measures have been instituted to ensure that various issues pertaining to construction of the ships are handled in a focused manner to avoid time and cost overruns.

2. In addition, the issues relating to the Admiral Gorshkov have been discussed at the highest level with the Russian authorities for speeding up execution of this project. Further, a Warship Overseeing Team (WOT) is situated in Russia for regular monitoring and necessary certifications. Besides, a Project Review Team also visits Russia at regular intervals for monitoring the progress of the project.

3. The construction of the Air Defence Ship is progressing as per the schedule in the contract signed with M/s Cochin Shipyard Limited, Kochi with the 1st launching of the hull scheduled on 31 Oct. 2010. To this effect, necessary provisions have already been made in the project for augmentation of infrastructure at the yard. Besides, an Integrated Project Management Team has also been regularly monitoring the execution of the project at CSL, Kochi. Funds are being released as per the requirements of CSL. Besides, sufficient budgetary allocations are being made for speedy completion of the project and also for funds required for infrastructure augmentation of the shipyard.

Recommendation (Para No. 6.18)

The Committee note that the Ministry is making efforts for the procurement of Sukhoi-30 MKI aircraft and also considering the procurement of C-130J aircraft in order to boost up the capabilities of Indian Air Force. In line with this, procurement and induction of

MMRCA, LCA, AWACS and Flight Refuelling Aircraft (FRA) are also planned during the 11th and 12th Plan periods. The Ministry also plans to undertake upgradation projects of Mirage – 2000, Jaguar, MiG-29, Mig-27, AN-32, Dornier and MI-17 and other weapon systems. In order to bolster its air strike capabilities, the Ministry is also in the process of acquiring 126 aircraft, the Request for Proposal (RFP) is likely to be issued shortly. The Committee express their deep concern on this stereotype reply being furnished by the Ministry for the last 2-3 years and the same has not been turned into reality so far, the Committee therefore, desire that the Ministry should strive hard to expedite the completion of procedure and technicalities in order to facilitate the acquisition of 126 proposed aircraft. The Committee also note that despite the repeated recommendation in the past for the acquisition of low level radars, sufficient number of low level radars have not yet been produced or procured resulting in inadequate surveillance of the Indian Peninsula.

Reply of the Government

1. The RFP for MMRCA is under finalization.
2. The Ministry is also processing proposal for acquisition of Low Level Transportable Radars and Low Level Light Weight Radars to improve surveillance of airspace.

Recommendation (Para No. 8.10)

The Committee recommend that Ministry should go into the details to know the causes of increasing number of pension cases in the court and find possible solution by relaxing the pensionary rules/interpreting them flexibly to extend necessary pensionary benefits to these disabled war veterans. The Ministry should also simplify procedure/rules in extending pensionary, gratuity and other benefits to the war disabled. The Committee desire that instead of taking average salary for determining the pension, last pay drawn should be taken into consideration while determining the amount of pension in case of War Disabled Veterans and adequate representation in various boards/organizations of the Ministry of Defence may also be given to them.

Reply of the Government

Various steps have been taken for improvement and simplification of the procedure relating to grant of pensionary benefits of Armed Forces personnel. This is an ongoing process. War Injury Pension on invalidment is determined by counting service upto the date on which

he would have retired in that rank in normal course including weightage as admissible and War Injury Element equal to reckonable emoluments last drawn for 100% disablement. The details of pension cases pending in various High Courts do not specifically indicate the cases relating to the war disabled as Army is not maintaining any data regarding different types of pension related cases. In the case of invalidment on account of war injury, service element is granted equal to retiring/service pension on the basis of his pay on the date of invalidment. As regards their representations on various boards, the same is being considered for Rajya Sainik Boards/Zila Sainik Boards.

CHAPTER V

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

Recommendation (Para No. 8.11)

The Committee are surprised to note that Ministry of Defence have not chalked out any scheme nor demanded funds in order to extend financial and other help to the war disabled veterans. The Committee, therefore, strongly recommend the Ministry of Defence to set up special fund under civil head in consultation with the Ministry of Finance with an aim to provide infrastructures, liberal financial and other required support to the war disabled veterans. The Committee also desire that in each command there must be one office for Disabled war veterans in order to ease and address their problems in right direction. The Committee are of the considered view that this act of the Government will facilitate the disabled war veterans to solve their problems themselves and would have possible impact on the young generation encouraging them to join the Armed Forces.

Reply of the Government

The recommendations of the Standing Committee are under active consideration in consultation with Service Hqrs.

Recommendation (Para No. 8.12)

The Committee desire that the Ministry should create a separate cell to deal with the grievances of the war disabled persons and chalk out a policy to help the war disabled veterans and their dependent family members in an efficacious way and implement it in a time bound manner. In this regard, the Committee further desired that war disabled soldiers and officers should be treated at par.

Reply of the Government

The grievances of the war disabled soldiers are already being addressed. However, action to create a separate cell by designating suitable officers to exclusively deal with their problems being taken war disabled soldiers and officers are already treated at par for employment.

Recommendation (Para No. 8.13)

The Committee note that a meagre sum of Rs. 8,000/- is given as Marriage Grant for Daughter, Rs. 15000/- for medical Grant, Rs. 10,000/-, House repairs, Rs. 300/- pm upto Std. XII for three children and Rs. 1000/- pm for two years to financially destitute ESM monthly. The Committee feel that these grants do not serve any purpose, therefore, the Committee strongly desire that keeping in view the rising cost of living, these grants should be suitably enhanced and the Committee may be informed of the progress made by the Ministry in this regard.

Reply of the Government

The financial assistance being granted to ex-servicemen/widows for various purposes like marriage of daughter, house repair etc. has been enhanced by 100%. A copy of the order issued in this regard is enclosed.

Recently Prime Minister's Scholarship Scheme has been launched. Under this scheme wards of ex-servicemen/widows are also granted scholarship for higher professional studies like engineering, medicine, dental, veterinary, MBA, MCA etc. for a period of 2 to 5 years @ Rs.1250/- per month for boys and Rs. 1500/- per month for girls.

Recommendation (Para No. 9.5)

The Committee are surprised to note that despite the recommendation of the high level committee of Ex-Servicemen which was set up in eighties, to provide one rank one pension to Ex-servicemen and reiterating this recommendation again and again by this Committee, long standing demand of Ex-Servicemen has not been implemented by the Ministry so far. Therefore, the Committee recommend once again to implement one rank one pension at the earliest to attract the talented and best youths to join the Armed Forces. The Committee, however, are happy to note that the Ministry have initiated steps in providing job opportunities to Ex-servicemen in private sector in coordination with Associated Chambers of Commerce and Industry (ASSOCHAM), Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII) and hope that the Ministry will keep their spirit up. The Committee should be informed about the exact implementation status of jobs provided in the private sector.

Reply of the Government

The issue regarding 'One Rank One Pension' has been referred by the Service Hqrs. to the 6th Central Pay Commission for their

consideration. Further action in this regard will be taken based on their recommendations.

So far, 17,000 ex-servicemen have been re-employed in non-Government sector this year from January to June, 2007, through DGR. It does not include those who got re-employment directly.

Recommendation (Para No. 9.6)

The Committee note that the issue of removal of 33 years of condition and/or enhancement of weightage to the extent of making Armed Forces personnel eligible for full pension admissible for 33 years qualifying service has been considered by the Government. However, the Committee do not agree with the view of the Ministry that it was not found feasible to grant benefit for 33 years qualifying service to the Personnel Below Officer's Rank (PBOR). The Committee again reiterate their earlier recommendation to provide full pensionary benefits to the Armed Forces personnel without insisting on 33 years qualifying service conditionality, keeping in view the fact that they are forced to go out of service to keep the fighting forces young.

Reply of the Government

The issue of removal of conditionality of 33 years qualifying service to the Armed Forces personnel for computing pension has been referred to the 6th Central Pay Commission by the Service Hqrs.

Recommendation (Para No. 9.7)

The Committee also desire that in the cases where Armed Forces personnel died in young age while in service or injured and invalidated out from the service, should also be suitable compensated by giving relaxation in years of service rendered by them.

Reply of the Government

Ex-servicemen are allowed to deduct the length of military service plus 3 years from their actual age for determining the upper age limit for appointment to Central Government jobs filled by direct recruitment, otherwise than on the results of an open All India Competitive Examinations held by UPSC, SSC etc. This concession is available for all vacancies whether reserved or unreserved in Groups 'A' to Group 'D'.

The recommendations made by the Committee that in the cases where Armed Forces personnel died in young age while in service or

injured and invalidated out from the service, should also be suitable compensated by giving relaxation in years of service rendered by them, is under examination.

Recommendation (Para No. 10.16)

The Committee note that the restructuring of Department of Defence Estate Organization has been approved by the Ministry of Defence and the approval of the Ministry of Finance and Cabinet is yet to be obtained. Therefore, the Committee desire that the Ministry should take up the matter with the Ministry of Finance and resolve the queries at the earliest, so as to get the approval of the Ministry of Finance, without further loss of time.

Reply of the Government

The proposal for restructuring of Defence Estates Organization has been approved by the Ministry of Defence and sent to the Department of Expenditure, Ministry of Finance for approval, who have stated that the comments of Department of Personnel and Training have to be obtained before they can give their views in the matter. Accordingly, the proposal has been referred to Department of Personnel & Training for their comments.

N EW D ELHI;
17 March, 2008

27 Phalguna, 1929 (Saka)

BALASAHEB VIKHE PATIL,
Chairman,
Standing Committee on Defence.

APPENDIX I

MINUTES OF THE TWENTY FIRST SITTING OF THE STANDING COMMITTEE ON DEFENCE (2007-2008)

The Committee sat on Tuesday, the 11th March, 2008 from 1500 hrs. to 1545 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil — *Chairman*

MEMBERS

Lok Sabha

2. Shri Milind Murli Deora
3. Shri Santosh Gangwar
4. Shri Suresh Kalmadi
5. Shri C. Kuppusami
6. Dr K.S. Manoj
7. Shri Asaduddin Owaisi
8. Shri Shrinivas Patil
9. Shri Arjun Charan Sethi
10. Shri Balashowry Vallabhaneni
11. Shri Anil Shukla Warsi

Rajya Sabha

12. Shri Abu Asim Azmi
13. Smt. N.P. Durga
14. Shri K.B. Shanappa
15. Smt. Pooja Thakur

SECRETARIAT

1. Shri A. Louis Martin — *Joint Secretary*
2. Shri Gopal Singh — *Director*
3. Shri D.R. Shekhar — *Deputy Secretary-II*
4. Smt. J.M. Sinha — *Under Secretary*

2. The Committee considered the draft report on action taken by the Government on the recommendations/observations contained in the Sixteenth Report on Demands for Grants (2007-08) of the Ministry of Defence and adopted the same with some additions/modifications as suggested by the Members.

3. The Committee then authorised the Chairman to finalise the report and present the same to the Parliament.

The Committee then adjourned.

APPENDIX II

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON
THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE
16TH REPORT OF THE STANDING COMMITTEE ON DEFENCE
(FOURTEENTH LOK SABHA) ON DEMANDS FOR GRANTS
(2007-08) OF THE MINISTRY OF DEFENCE

	Percentage of Total
(i) total number of recommendations	76
(ii) Recommendations/observations which have been accepted by the Government: (Para Nos. 2.23 & 2.24, 2.36, 2.42, 2.43 & 2.44, 2.60, 2.61 & 2.62, 2.65, 3.5, 3.6 & 3.7, 3.14, 3.15, 3.18, 4.8 & 4.9, 4.10, 4.11, 4.19, 4.28, 4.29, 4.30, 4.33, 4.34, 4.35, 4.45, 5.9, 5.10, 5.15, 5.20, 5.28, 5.29 & 5.30, 6.6, 6.7, 6.9, 6.10, 6.17, 6.19, 6.20, 6.23, 6.24, 6.28, 6.29, 7.6, 7.7, 7.8, 8.7, 8.8, 8.9, 8.12, 8.13, 10.9, 10.10 and 10.18)	57.75%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government: (Para Nos. 2.17, 4.14, 4.18, 4.20, 4.21, 4.22, 4.23 & 4.24, 5.31 and 10.17)	10.3%
(iv) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration (Para Nos. 5.11, 5.19, 6.18 and 8.10)	5.4%
(v) Recommendations/Observations in respect of which final replies of the Government are still awaited. (Para Nos. 8.11, 9.5, 9.6, 9.7 and 10.16)	5%