

29

STANDING COMMITTEE ON DEFENCE
(2007-2008)

(FOURTEENTH LOK SABHA)

MINISTRY OF DEFENCE

**DEMANDS FOR GRANTS
(2008-09)**

TWENTY-NINTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

April, 2008/Chaitra, 1930 (Saka)

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(2007-2008)

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MINISTRY OF DEFENCE

**DEMANDS FOR GRANTS
(2008-09)**

Presented to Lok Sabha on 16.04.2008

Laid in Rajya Sabha on 16.04.2008



LOK SABHA SECRETARIAT

NEW DELHI

April, 2008/Chaitra, 1930 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2007-08)

Shri Balasaheb Vikhe Patil - **Chairman**

MEMBERS

LOK SABHA

2. **Shri Vijay Bahuguna**
3. **Shri S. Bangarappa**
4. Shri Milind Murli Deora
5. Shri Santosh Gangwar
6. **Shri Jigajinagi Ramesh Chandappa**
7. Shri Suresh Kalmadi
8. Shri C. Kuppusami
9. Dr. K.S. Manoj
10. Ms. Ingrid Mcleod
11. Shri Asaduddin Owaisi
12. Shri Adhalrao Shivaji Patil
13. Shri Shrinivas Patil
14. Shri Raju Rana
15. Dr. H.T. Sangliana
16. Shri Arjun Charan Sethi
17. **Prof. Mahadeorao Shiwankar**
18. Shri Manavendra Singh
19. Shri Balashowry Vallabhaneni
20. Shri Rajesh Verma
21. Shri Anil Shukla Warsi

RAJYA SABHA

22. Dr. Farooq Abdullah
23. Shri Jai Parkash Aggarwal
24. Shri Abu Asim Azmi
25. Smt. Shobhana Bhartia
28. Shri R.K. Dhawan
- *26. Smt. N.P. Durga
- ^27. Shri S.P.M. Syed Khan
29. Shri K.B. Shanappa
30. Shri Arun Shourie
31. Smt. Viplove Thakur

^ Ceased to be a member of the Committee w.e.f. 02.04.2008

* Ceased to be a member of the Committee w.e.f. 09.04.2008

(iii)

SECRETARIAT

- | | | | |
|----|----------------------|---|----------------------|
| 1. | Shri S. K. Sharma | - | Additional Secretary |
| 2. | Shri A. Louis Martin | - | Joint Secretary |
| 3. | Shri Gopal Singh | - | Director |
| 4. | Shri D.R. Shekhar | - | Deputy Secretary-II |
| 5. | Smt. J.M. Sinha | - | Under Secretary |

(iv)

INTRODUCTION

I, the Chairman of the Standing Committee on Defence (2007-08), having been authorised by the Committee to present the Report on their behalf, present this Twenty-Ninth Report of the Standing Committee on Defence (2007-08) on 'Demands for Grants of the Ministry of Defence for the year 2008-09.'

2. The Committee took evidence of the representatives of the Ministry of Defence on 24 & 25 March and 1 April, 2008. The Committee also took the evidence of the representatives of the Ministry of Finance on 4 April, 2008.

3. The Draft Report was considered and adopted by the Committee at their sitting held on 9 April 2008. Minutes of the related sittings are given in appendix to the Report.

4. The Committee wish to express their thanks to the officers of the Ministry of Defence and Ministry of Finance for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants of the Ministry of Defence for the year 2008-09.

NEW DELHI;
9 April, 2008
20 Chaitra, 1930 (Saka)

BALASAHEB VIKHE PATIL,
Chairman,
Standing Committee on Defence

CHAPTER I

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS

The 16th Report of the Standing Committee on Defence on "Demands for Grants of the Ministry of Defence for the year 2007-08" was presented to Lok Sabha on 28 April, 2007 and laid in Rajya Sabha on 03 May, 2007.

1.2 The Action Taken Report on the observations/recommendations contained in 16th Report was presented to Parliament on 19 March, 2008. Action Taken Replies to all the recommendations contained in the Report. The report contained 76 observations/recommendations. 57 recommendations, which constitute 75 percent of the Committee's recommendations of the Committee were accepted by the Government. These pertained to the following issues:

- i) Projection made by the three Services and budgetary allocation during the year 2007-08
- ii) Ratio of Revenue to Capital Expenditure.
- iii) Capital Expenditure.
- iv) Reduction of funds in revised estimate stage – need for expeditious clearance of proposals.
- v) Delegation of financial power to Service Headquarters.
- vi) Long Term Integrated Perspective Planning (LTIPP).
- vii) Utilisation of allocation during 10th Plan.
- viii) Status of 11th Defence Plan
- ix) Declining share of Army in the Budget.
- x) Non-intrinsic Budget of the Army.
- xi) Separate Pay Commission for Armed Forces.
- xii) Sainik Schools.
- xiii) Operation Sadbhavana and Operation Good Samaritan.
- xiv) Main Battle Tank (MBT) Arjun.
- xv) Brief on Revenue & Capital Expenditure Budget 2007-08.
- xvi) Maritime Surveillance Capability of Indian Navy.
- xvii) Refitting Schedule of Admiral Gorshkov (Vikramaditya) and Acquisition of Aircraft carriers.
- xviii) Need to attract best Human Resources in Armed Forces.
- xix) Modernisation of Indian Air Force.
- xx) Shortage of Manpower.
- xxi) Procurement and Upgradation Plans during 2007-08.
- xxii) Aircrash & Training.
- xxiii) Attrition of Pilots.
- xxiv) Defence Research & Development Organisation.
- xxv) Special facilities for war disabled veterans.
- xxvi) Welfare of Ex-Servicemen.
- xxvii) Civil Estimates of the Ministry of Defence.
- xxviii) Defence Estate Organisation.

1.3 In view of the reasons put forth by the Government, the Committee did not desire to pursue Action Taken Replies in respect of 10 recommendations which of include the following:

- i) Minimum 3% of GDP as Defence Budget.
- ii) Separate head for non-intrinsic budget.
- iii) Separate Pay Commission for the Armed Forces.
- iv) Discrepancy caused by the 5th Pay Commission.
- v) Non-inclusion of representative of Armed Forces in the 6th CPC.
- vi) Assessment of land Acquisitions.
- vii) Provision of attractive pay package for Armed Forces Personnel in the 6th CPC.
- viii) Pre-selection training for youth in coastal areas

1.4 The Committee did not accept the replies furnished by the Government in the following 4 recommendations on which the Committee have given their comments in the report:-

- i) Need for increasing the budgetary allocation to Navy.
- ii) Need to make concerted effort for the early procurement of Admiral Gorshkov.
- iii) Expediting the acquisition of proposed 126 Aircrafts.
- iv) Pension for Disabled War Veterans.

1.5. Further, there were 5 recommendations on the following issues in respect of which final replies of the Govt. were still awaited :-

- (i) Special facilities for war disabled veterans
- (ii) Welfare of ex-servicemen
- (iii) Defence Estate Organisation
- (iv) Various grants to Personnel to be suitably enhanced
- (v) Removal of 33 Years of condition for eligibility for Pension in case of PBOR.

1.6. The Minister's statement on the status of implementation under Direction 73-A of the Speaker has not been made till this report was presented to Parliament.

CHAPTER II

DEMANDS FOR GRANTS (2008-09)

The requirements for the Civil expenditure of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores Department, Defence Estates organisation, Coast Guard Organisation, JAKLI etc. and Defence pensions are provided in two separate Civil Demands for Grants of the Ministry of Defence, viz. Demand No. 19 - Ministry of Defence (Civil) and Demand No. 20 - Defence Pensions. The allocation in respect of Ministry of Defence (Civil) in Demand No. 19 at BE 2008-09 is Rs. 2370.80. The allocation at BE (2008-09) under Demand No. 20 is Rs. 15564.00 crore. These are not included in the overall Defence allocation of Rs. 1,05,600.00 crores in Budget Estimates 2008-09. The Ministry of Road Transport and Highways provide the budgetary requirements of the Border Roads Organisation.

2.2 The budgetary requirements for the Defence Services commonly known as Defence Budget are included in the following six Demands for Grants of the Ministry of Defence presented to Lok Sabha:-

Demand No. 21, Defence Services - Army

Demand No. 22, Defence Services – Navy

Demand No. 23, Defence Services – Air Force

Demand No. 24, Defence Ordnance Factories

Demand No. 25, Defence Services – Research & Development

Demand No. 26, Capital Outlay on Defence Services

2.3 The 'running' or 'operating' expenditure of the three Services and other Departments viz. DRDO, DGOF, DGQA, NCC, DGAQA and Directorate of Standardisation, are provided under the first five Demands, which cater to the Requirement of Revenue expenditure, while the sixth, viz. Capital Outlay on Defence Services, caters to requirement of the expenditure incurred on building or acquiring durable assets. The Demand No. 21(Defence Services – Army) caters to the Revenue Expenditure of Army, NCC and DGQA and Demand No. 22 (Defence Services – Navy) caters to Navy and Joint Staff.

2.4 The Revenue expenditure includes expenditure on Pay & Allowances, Transportation, Revenue Stores (like Ordnance stores, supplies by Ordnance Factories, Rations, Petrol, Oil and Lubricants, Spares, etc.), Revenue Works (which include maintenance of Buildings, water and electricity charges, rents, rates and taxes, etc) and their miscellaneous expenditure. The Capital expenditure includes expenditure on Land, Construction Works, Plant and Machinery, Equipment, Tanks, Naval Vessels, Aircraft and Aero engines, Dockyards, etc. The expenditure on items that have a unit value of Rs. 10 lakhs and above and a life span of 7 years or more is debited to the Capital Heads.

DEFENCE SERVICES ESTIMATES

2.5 An allocation of Rs. 1,05,600.00 crores has been provided for Defence services in BE (2008-09). There is an increase of 10.00 percent, against BE (2007-08) and 14.16 percent, against RE (2007-08).

2.6 The Demand-wise position of allocation in the B.E. and R.E. for the year 2007-08 and B.E. of 2008-09 is as under:

<u>Sl.No.</u>	<u>Demand</u>	(Rs. in corers)		
		<u>2007 - 08</u>		<u>2008 - 09</u>
		BE	RE	BE
1.	Army (Revenue expdr. of Army, NCC and DGQA)	35194.26	35426.48	37678.25
2.	Navy (Revenue expdr. of Navy and Joint Staff)	7050.11	7174.05	7503.05
3.	Air Force (Revenue expdr. of Air Force)	10430.36	10728.97	11288.66
4.	Defence Ordnance Factories (Revenue expdr. of Ord. Factories)	1192.52	1386.75	1109.99
5.	Research & Development	3202.47	3226.06	3413.59
6.	Capital Outlay on Defence Services (Capital expdr. of all Services/Deptts)	41922.00	37705.00	48007.00
	Total (Gross)	98991.72	95647.31	109000.74
	Receipts / Recoveries	2991.72	3147.31	3400.74
	Total (Net)	96000.00	92500.00	105600.00

2.7 As indicated in the General Defence Budget, the provision for Defence Services under Demand Nos. 22 to 26 for 2007-08 in the Budget Estimates (BE) was Rs. 98,991.72 crores (Gross) and Rs. 96,000.00 crores (Net). The Revised Estimates (RE) for the same year have been provided as Rs. 95,647.31 crores (Gross) and Rs. 92,500.00 crores (Net). In the net, the RE for 2007-08 shows a reduction of Rs. 3,500.00 crores down from Rs. 41,922 crores at the BE stage to Rs. 37,705 crores at the RE stage. The net Revenue for BE 2007-08 was Rs.54,078 crores, which has been increased by RS. 717.00 crores to bring RE 2007-08 at Rs. 54,795.00 crores. The entire increase in Revenue is to cater to additional requirement on account of Pay and Allowances of Services/Departments.

2.8 The Budget Estimates for 2008-09 is to Rs. 1,09,000.74 crores (Gross) and Rs. 1,05,600.00 crores (Net). The major components of the net Capital expenditure of Rs. 37,705.00 crores are Land - Rs. 52.75 crores, Works – Rs. 4725.97 crores (incl. MAP-Rs. 1657.32 crores), Aircraft – Rs. 11255.39 crores, Heavy and Medium Vehicles – Rs. 1657.64 crores (inc DGOF issues – Rs. 1084.61 crores), Other Equipment – Rs. 10994.45 crores (incl. DGOF issues – Rs. 1297.99 crores), Naval Fleet – Rs. 5858.47 crores, Naval Dockyards – Rs. 725.38 crores, Machinery and Equipment for Ordnance Factories – Rs. 24.40 crores, R&D – Rs. 2184.66 crores and other items – Rs. 225.89 crores.

2.9 A comparison of the Service / Department-wise allocation in RE 2007-2008 and BE 2008-09 is given below :

(Rupees in crore)

Service/ Deptt.	B.E. 2007-08	R.E. 2007-2008	%age of Total Budget	B.E. 2008-2009	%age of Total Budget
Army	45316.54	45432.26	49.12%	49228.23	46.62%
Navy	17529.44	16036.38	17.34%	19506.77	18.47%
Air Force	27021.74	24682.99	26.68%	30.126.98	28.53%
DGOF	(-) 202.41	87.59	0.10%	(-)171.65	(-)0.16%
R&D	5887.22	5896.81	6.37%	6486.35	6.14%
DGQA	447.47	363.97	0.39%	423.32	0.40%
Total	96,000.00	92500.00	100.00%	105600.00	100.00%

2.10 The Service wise Capital Growth during the year 2007-08 and 2008-09 is as under:-

(Rs. in crore)

	BE 2007-08	RE 2007-08	BE 2008-09	BE 2008-09 Growth vis- a-vis	
				BE 2007-08	RE 2007-08
Army	11677	11577	13381	14.59	15.58
Navy	10561	8944	12086	14.44	35.12
Air Force	16829	14329	19271	14.51	34.49
DGOF	154	154	176	14.57	14.51
R&D	2701	2701	3093	14.50	14.51
Total	41922	37705	48007	14.52	27.32

2.11 The Service wise Capital Acquisition Growth during the year 2007-08 and 2008-09 is as under:-

(Rs. in crore)

	BE 2007-08	RE 2007-08	BE 2008-09	BE 2008-09 % age Growth vis- a-vis	
				BE 2007-08	RE 2007-08
Army	6937	6224	7608	9.66	22.23
Navy	9765	8368	11329	16.02	35.38
Joint Staff	216	184	265	22.53	43.80
Air Force	15909	13334	18281	14.91	37.11
Total	32827	28110	37483	14.18	33.34

Growth of Defence Expenditure

2.12 The following table shows Defence expenditure as a percentage share of the total Central Government expenditure as well as a percentage of GDP:

Year	Def. Exp. As % age of Central Govt. Expdr	Def. Exp. As % age of GDP
1988-89	17.81	3.16
1989-90	15.52	2.97
1990-91	14.65	2.27
1991-92	14.67	2.50
1992-93	14.34	2.34
1993-94	15.40	2.52
1994-95	14.46	2.29
1995-96	15.06	2.25
1996-97	14.68	2.14
1997-98	15.20	2.31
1998-99	14.28	2.28
1999-2000	15.79	2.41
2000-2001	15.24	2.36
2001-2002	14.97	2.38
2002-2003	13.44	2.27
2003-2004	12.74	2.18
2004-2005	15.24	2.41
2005-2006	15.91	2.25 (P)
2006-2007	14.64	2.06 (Q)
2007-2008 (RE)	13.04	1.97 (A)
2008-2009 (BE)	14.06	1.99 *

P- Provisional
Q- Quick Estimates
A-Advance Estimates
*Projected by CSO as per Min of Fin's "Budget at a Glance" (P-1)

2.13 The Defence Budget for 2008-09 is only 1.99 per cent (provisional) of the GDP for the coming fiscal year (as against 1.97 per cent in the previous year), which is only slightly higher than that of previous year. Except the Defence Budget for 2008-09, Defence expenditure as a percent of GDP had been continuously declining and the same is far below the percentage expenditure of GDP during the year 1988-89 i.e. 3.16 percent. Similarly, Defence expenditure as a percentage of total Central Government expenditure for the year 2008-09 has slightly gone up from 13.04 to 14.06 but has come down from 14.64 percent for the fiscal year 2006-2007. This year, therefore, there has been only a minuscular increase on this front.

Capital outlay

2.14 The Capital outlays for Land construction works, Married Accommodations Project capital acquisition, etc. during 2006-07, 2007-08 and 2008-09 are as under:-

(Rs in crores)

	Actual 2006-07	BE 2007-08	RE 2007-08	BE 2008-09	Percentage increase (BE 07-08 to BE 08-09)	Percentage increase (RE 07-08 to BE 08-09)
Land	33.85	149.87	52.75	90.90	(-)39.35	72.32
Works	2619.97	2915.08	2324.69	3973.90	36.32	70.94
MAP	1390.42	1819.34	1657.82	1079.98	(-)40.64	(-)34.86
DGOF Issues	770.91	1483.90	2382.60	2508.40	69.05	5.28
Others (Incl Med Eqpt., NCC, ECHS, RR, etc.)	2110.21	2727.01	3177.13	2871.05	5.28	(-)9.63
Cap. Acq.	26900.44	32826.80	28110.01	37482.77	14.18	33.34
Total Capital	33825.80	41922.00	37705.00	48007.00	14.52	27.32

2.15 The percentage share of Capital Acquisition Budget in the Capital Budget since 2006-07 is as follows.

(Rs in crores)

Year	Total Capital	Total Capital Acquisition	Percentage of Capital Acquisition to Capital
2006-07 (Actual)	33825.80	26900.44	79.53
2007-08 (RE)	37705.00	28110.01	74.55
2008-09 (BE)	48007.00	37482.77	78.08

2.16 The allocation made to meet the expenditure pertaining to committed liabilities and the new schemes/projects during 2008-09 is as under:-

(Rs in crores)

	Army	Navy	Air Force	Joint Staff	Total
Committed Liabilities	2962.11	8609.00	12185.81	174.14	23904.06
New Schemes	4645.56	2719.59	6095.61	117.95	13578.71
Total	7607.67	11328.59	18281.42	292.09	37482.77

2.17 It may be observed from the above tables that the budgeted capital outlay was reduced from Rs.32827 crore to Rs. 28,110 crores at RE during the year 2007-08. The reduction was of Rs. 4,717 crores. The reduction at RE stage has reportedly affected all the Services. The percentage of allocation during the year 2008-09 is 14.18 percent as compared to BE 2007-08 and 33.34 percent as compared to RE 2007-08. Out of Rs. 37482.77 crores at the BE during 2008-09 for capital acquisition Modernization Rs. 23904.06 crores is for committed Liabilities and only Rs13578.71 cores is for New Schemes.

2.18 When asked whether this allocation is sufficient, the Ministry of Defence stated that the allocated funds are considered sufficient at this stage.

2.19 The break up of capital acquisition made from indigenous source and import for last five years, (Service wise) is as under:-

Service	2002-03		2003-04		2004-05		2005-06		2006-07	
	Import**	Indigen*	Import**	Indigen*	Import**	Indigen*	Import**	Indigen*	Import**	Indigen*
Army	2772.36	1714.98	2006.12	2211.47	2039.60	2740.40	1766.96	4089.38	876.61	2868.40
Navy	2029.66	1653.25	2572.26	2676.94	4557.53	3529.15	2571.12	5007.86	3157.61	6087.76
Air Force	3175.31	1593.08	3635.10	1481.87	8954.58	5387.31	3173.31	8881.90	1507.06	12403.00
TOTAL	7977.33	4961.31	8213.48	6370.28	15551.71	11656.86	7511.39	17979.14	5541.28	21359.16

Indigen* = Value of Capital acquisitions from various indigenous sources (In Rs Crores).
 Import** = Value of Capital acquisitions from various foreign sources (In Rs Crores).

Quarterly Expenditure on Capital acquisition

2.20 The percentage expenditure in the capital Acquisition in the First, Second, and Third Quarter of the financial year 2007-08, as stated by the Ministry of Defence is as under :-

(Rs in Crore)

Quarter 1	Quarter 2	Quarter 3	Total up to 3 rd Quarter
1528.70	1878.03	11032.92	14439.65

2.21 It may be observed that as against the total capital acquisition outlay of Rs. 32,827 crore in 2007-08. Expenditure during the first three quarter was just Rs. 14,440 crore which works out to just 44%.

2.22 As regards reduction in capital outlay at RE stage during 2007-08, the Defence Secretary, stated that:

“There was a reduction but the reduction was *suo motu* by the Ministry of Finance in our capital budget. This consequently brought down capital acquisition budget from Rs. 37,705 crores to Rs.28,110 crore. Basically, the Ministry of Finance does effect cuts across the board in all the Ministries but we have not indicated any surrender. I must also say that it may have been on account of non-arrival of certain equipment from Russia. Therefore, there was some problem in the capital expenditure. There was nothing which we could have done as the equipment were supposed to come from Russia. Hence the reduction had to be effected.”

2.23 In regard to the reasons for imposing cut on Capital allocations, the Ministry of Finance, in a written reply have stated:-

“During the course of inter-departmental consultations to decide the Revised Estimates, a detailed review is undertaken of the utilization of budgetary provisions and depending on the pace of expenditure under various schemes and capacity of individual Departments/Ministries to fully utilize these public resources within the financial year, re-deployment of such resources which cannot be spent in the current financial year are required to be done wherever they are necessary in public interest. The revision of estimates is always done in consultation with the concerned Ministry/Department while fully providing all immediate and contractual obligation. In the case of Ministry of Defence, the capital expenditure upto December, 2007 and January, 2008 were Rs. 18,457.83 crore and Rs. 21,229.25 crore respectively. This constituted to about 44% and about 51% of BE 2007-08. Considering this pace of expenditure and fully providing for commitments to be honoured during the remaining part of the financial year 2007-08, the capital expenditure of `Defence Services' was placed at Rs. 37,705 crore in RE 2007-08.

As stated above, the revised estimates for capital expenditure for the year 2007-08 was agreed after consultations with the concerned officers of Ministry of Defence including Financial Adviser and Director General (Acquisitions), Ministry of Defence. Based on the trends of expenditure during the year committed liabilities/expected liabilities on New Schemes, which were at various stages of approvals and also likely to spill over the next financial year, a consensus was arrived at to place the `capital expenditure' of Defence Services at Rs. 37,705 crore in RE 2007-08. The capital budget of Defence Services takes into account the capital requirements of all the three Services.”

2.24 When asked whether the funds meant for capital expenditure can not be transferred to the funds for revenue expenditure, the Defence Secretary stated during the briefing: -

“Sir I may say that there is a perpetual hunger for revenue expenditure in all the Ministries of the Government of India. While this hunger is there, I would not exactly say that the Army is starving on account of it. But we tried to convince the Ministry of finance to do this but they insisted on this cut. We said that we should be allowed to transfer this amount for the revenue expenditure. I had discussed this matter with the Ministry of Finance and we tried to persuade them. But basically this is done to control the fiscal deficit. It is because whether it is revenue expenditure or capital expenditure, it does not really matter much to the Ministry of Finance. But we tried our best.”

2.25 When asked whether the Ministry have made any exercise so that the funds allocated to the Ministry of Defence are not surrendered, the Defence Secretary stated during oral evidence: -

“ Sir, in fact, we have daily review of the expenditure. We do it probably in each quarter. But as you know the Defence expenditure has a very hard and calibrated benchmark and it depends on supplies on which we have not much control and we have a fairly complex system of clearances. Actually, I would say that this year we did much better and in fact, by February, we had spent about 77 per cent of capital budget which is a great improvement on previous years. So, I would like to assure that we make strenuous efforts to see bunching of expenditure in the last quarter does not take place in this year. We have very successful than the previous years.”

PROJECTION FOR THE YEAR 2008-09

2.26 Projection of the funds 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. The Ministry have informed that the three Services and the Defence Departments projected a total requirement of Rs 103940.47 crores for the year 2007-08. The Ministry of Finance allocated Rs. 96000.00 crores. During the year 2008-09, against the projection of Rs. 1,12,087 crores, the Finance Ministry have allocated Rs. 1,05,600 crores.

2.27 When asked about the basis on which the three Services project their estimated allocation to the Ministry of Defence/Ministry of Finance, the Ministry of Defence in a written reply have stated:-

“The Services project their requirement to the Ministry of Defence, which, in turn, projects the requirement to the Ministry of Finance after consolidation. Services normally make their projections based on the following factors:

- (a) Expenditure pattern of the past years and the current trend of expenditure.
- (b) Prevailing inflationary trends.
- (c) Requirement on account of raising of new units/formations/ establishments, approved Annual Acquisition Plan, Committed Liabilities and Annual Works Programme, etc.
- (d) Major exercises planned for the year.
- (e) Anticipated requirement of stores, etc.”

2.28 The requirement projected by the Services was as follows:

(Rs in crore)			
	Revenue	Capital	Total
Army (excluding NCC and DGQA)	37899.00	16325.95	54224.95
Navy (excluding Joint Staff)	7427.26	11730.50	19157.76
Air Force	13578.69	21234.09	34812.78
Joint Staff	649.92	358.65	1008.57

2.29 When asked about the basis for making allocation against the projected demand of the three services, the Ministry of Finance in a written reply have stated;

“Based on the overall availability of resources and the competing needs of various sectors and the absorption capacity to fully utilize the funds within the given financial year, funds are allocated to various Ministries/Departments. Defence expenditure being the single largest item of non-plan expenditure, after “interest payments” approximately 20.8% of the non-Plan expenditure budget is allocated for the Defence Services in the year 2008-09, excluding Defence Pensions and Defence-Civil which are provided for separately.”

Shortfall in overall utilization of funds.

2.30 The Budget Estimate, Revised Estimate, Actuals and surrender of allocation, for the Defence services from the year 2002-03 is as under:-

(Rs. In crore)				
Year	BE	RE	Actuals	Shortfall (RE-Actual)
2002-03	65000.00	56000.00	55661.83	338.17
2003-04	65300.00	60300.00	60065.85	234.15
2004-05	77000.00	77000.00	75855.92	1144.08
2005-06	83000.00	81700.00	80548.98	1151.02
2006-07	89000.00	86000.00	85494.64	505.36
2007-08	96000.00	92500	-	-

2.31 Figures in the above table show that although budgeted allocation has been revised downwards every year (except during 2004-05), the Ministry of Defence could not fully utilize even the reduced allocation in any of the years.

CREATION OF NON-LAPSABLE DEFENCE MODERNISATION FUND

2.32 Keeping in mind the large-scale surrender of fund meant for capital acquisition every year and long gestation period of Defence acquisition procedure, the Committee in their earlier reports on Demands for Grants have been recommending for creation of a non-lapsable Defence Modernisation Fund. In response, the Ministry of Defence in their action taken replies had stated as under:-

“The creation of non-lapsable Defence Modernisation Fund (DMF) has a limited utility in as much as the funds available in the DMF would not automatically be available to the Ministry of Defence for utilization in the subsequent financial year. The Ministry would be required to seek approval of the Ministry of Finance and the Parliament for its utilization. The Ministry of Finance have also issued guidelines/instruction on 7th January, 2005 (copy enclosed) whereby Reserve/Corpus Funds in government account are created when Government has surplus funds to spare on specific objects of expenditure. However, as Government is resorting to deficit financing, creation of funds out of its revenue stream or through borrowing is considered not appropriate. Funds created out of borrowings also add to fiscal deficit and become a liability of the Government. These instruction further provide that proposals for creation of funds either out of revenue stream or out of Government borrowings will, henceforth, not be allowed. In the circumstances creation of Defence Modernisation Funds may not be viable.”

2.33 Ministry of Finance in their written replies have stated that :-

“Ministry of Defence have stated that the Hon’ble Standing Committee had taken up this issue earlier also. During a subsequent presentation before the Standing Committee on 11th October, 2007 by Ministry of Defence, Ministry of Defence has taken the position that there is apparently no need for creation of such a Fund. As adequate funds are made available in the beginning of each financial year for meeting the capital expenditure requirements including for committed and newly approved projects, there would appear to be no need for sequestering scarce public resources in a Fund for the same purpose. Ministry of Finance are fully prepared to support the Ministry of Defence in their endeavour to equip and prepare Armed Forces and their capabilities to meet with the emerging exigencies and to strengthen them to face up to the challenges.”

Defence Procurement Policy 2006.

2.34 When asked to state the achievements made in respect of indigenisation component in Defence acquisition after implementation of DPP 2006, the Ministry of Defence stated in their written replies as under :-

“The ‘Make’ procedure has been formulated and notified as part of Defence Procurement Procedure 2006. Various concerns of the industries like ‘Sharing of Development Cost’ and ‘Minimum Order Quantity’ to sustain the commercial viability of the development project have been addressed therein. Further, process to identify some schemes under “Make” category of DPP-06 is under way.”

2.35 In regard to the success achieved by the Ministry on completion of projects/schemes, the Ministry in a written reply have stated:-

“DPP 2006 came into effect on 1st September 2006. There was full utilisation of available allocation in the year 2006-07 against Revised Estimates. The utilisation of allocated funds for 2007-08 would be available in due course.

It may also be noted that in a number of cases contracts were concluded during 2007-08 within the broad time frame laid down in the Defence Procurement Procedure 2006 for procurement activities. With the experience gained in processing the cases, efforts will continue to be made to maximize the number of such cases.”

CURBING OF WASTEFUL EXPENDITURE

2.36 The Committee in their 16th Report had *inter-alia* recommended to 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. In response to this, the Ministry of Defence in their Action Taken replies had stated that Integrated Defence Services had been asked to study the aforesaid recommendation and submit a report. When asked to state the progress made and areas identified in this regard, the Ministry of Defence stated in their written replies as under:-

“In order to ensure optimal utilization of the defence allocations, HQ IDS had opined that this important subject be dealt with at two levels i.e. “Micro level Examination within the three Services” and “Macro level Identification of Areas involving Defence Services”, where the wasteful expenditure could be avoided.

As regards the former, the three services have carried out ‘an in House’ micro level examination and have confirmed that “No wasteful expenditure” is being incurred on any count.”

2.37 The Ministry further stated :-

“HQ IDS on its part has carried out an analysis to identify the areas involving the Defence services as a whole where the optimisation of Defence resources could be achieved :-

(a) Tri Service Institutes. The feasibility study carried out for amalgamation of assets has identified forty five areas for promotion of tri service institutes. Implementation Boards for thirteen areas are being carried out.

(b) Capital Procurement.

(i) Long Term Deals. Due to fast pace of technology outstripping the requirements, policy of long term deals merits review.

(ii) Transfer of Technology. There is a need to develop self sufficiency towards critical technologies rather than being dependent on transfer of technology which comes at heavy cost. Also, the development of top end technologies must promote indigenisation and participation of private sector.

(iii) Life Long Support to Major Systems. There is a need to adopt an effective life cycle cost system at the time of initial purchase/procurement to avoid wasteful expenditure later.

(iv) Maintenance of Reserves. There is a need for a regular and pragmatic review of our reserve levels which fall in the realms of over assurance; resulting in direct savings of Expenditure.

(v) Exploitation of IT Revolution. The effective exploitation of IT revolution backed up by sound Networking system would further optimize defence allocations.”

2.38 When asked, whether the Ministry of Finance have ever made study/exercise to identify wasteful expenditure of the Ministry of Defence, the Ministry of Finance in their written replies stated:

“Ministry of Finance has not made any study/exercise to identify wasteful expenditure of the Ministry of Defence. Ministry of Finance, however, issues instructions/guidelines from to time to rationalize Government expenditure through annual circulars. These instructions, inter-alia, include restrictions on holding seminars and conferences, foreign travel, etc. Individual line Ministries/Departments have the responsibility for control of expenditure against their sanctioned grants and appropriations which are placed at their disposal, which is exercised through the Heads of Departments and other Controlling Officers/Head of Department concerned to guard against waste and loss of public money and hence it would be for Ministry of Defence to institute a study to identify areas of wasteful expenditure and to take the necessary corrective measures where required.”

2.39 Pertaining to closure of economically unviable Military Farms, the Ministry of Defence in their written reply stated:-

“The economic viability of all the farms is monitored regularly. Based on a study carried out by a Committee under MoD and CAG of India audit report ending March 2005 on “working of Military Farms”, out of a total 63 Nos Military Farms, 26

economically unviable Military Farms were ordered for closure since last three years. These farms were recommended for closure on account of constraint of land, infrastructure, availability of milk ex-cooperative, survival ability of cattle and preference of troops. Percentage production of dairy product by the MF vis-à-vis total requirement of the station, cost of production vis-à-vis the cost of milk available ex-milk cooperatives and the need to give boost to local farmers and cooperatives were also considered by the Committee. Further, a study by College of Defence Management (CDM), Secunderabad on “Devising of Performance Evaluation System of Military Farms” is under finalization and its report will be examined in detail and relevant action taken.”

OUTCOME BUDGET

2.40 The Committee desired from the Ministry of Defence, brief particulars of all major schemes/ projects under implementation and project wise achievement against targets (both physical and financial) during the last two years in the Ministry of Defence. The Ministry of Defence have not furnished any information thereon.

2.41 In terms of the guidelines of the Ministry of Finance, Department of Expenditure, Office Memorandum No. 2 (1)/Pers/E-Coord/OB/2005 dated 12th December 2006, Outcome budgets are to be presented to Parliament by each Ministry bringing out the physical dimension of the financial budgets indicating the actual physical performance during the preceding year, performance in the first 9 months of the current year and the targeted performance during the succeeding year. The following demands/appropriations have, however, been specifically exempted from the purview of the outcome budgeting:

- Ministry of Defence
- Defence Pensions
- Defence Services – Army
- Defence Services – Navy
- Defence Services – Air Force
- Defence Ordnance Factories
- Defence Services – Research & Development
- Capital Outlay on Defence Services

2.42 Ministry of Defence is one among 30 grants/appropriations that have been exempted from presenting an Outcome Budget. However, even the Ministries/Departments and other authorities “exempted” from preparation of Outcome Budget and placing it in public domain have been requested by the Ministry of Finance to carry out this exercise for internal use and voluntarily deciding to place it in public domain, fully or partially.

2.43 Regarding presentation of outcome budget the Defence Secretary, however, clarified during evidence as under:-

“Sir, we will try to supply that but the fact is that in the Ministry of Defence we have not produced the Outcome Budget in the past. Ever since the Ministry of Finance issued the instructions regarding the Outcome Budget, we are trying to do it. The Ministry is trying to develop an infrastructure for this. But in the Ministry of Defence because of the nature of its functioning and the nature of expenditure, we could not produce the outcome budget. But if you feel that it should be submitted, we will try to do it for certain areas. But I do not think that it can be given in two-three days because it is a long exercise and it would mean involving everybody. So, I would say that it is simply the nature of the functioning of the Ministry that made it a little difficult.”

UTILIZATION OF ALLOCATION DURING 10TH PLAN

2.44 The following tables show, the projection for Tenth Defence Five Year Plan and actual allocation:

The year-wise position is given as under:-

(Rs. in crores)

Year	As per 10 th Defence Plan	Actual Expenditure
2002-03	55,662	55,661.83
2003-04	60,300	60,065.80
2004-05	90,928	75855.92
2005-06	1,00,960	80,548.98
2006-07	1,10,251	85,494.64
Total:	4,18,101	3,57,627.17

2.45 It may be can be observed from the above table that the shortfall in plan expenditure during the 10th Plan was as much as Rs. 60,474 crore i.e. 14.46% The Committee had been informed during examination of Demands for Grants in the previous years an indicative figure of RS. 4,18,101 cores was communicated by the Ministry of Finance during the December. 2004.

2.46 In regard to the status of Eleventh Defence Plan, the Ministry of Finance in their written reply stated:-

“The views of Ministry of Finance on the estimates for the Eleventh Plan (2007-2012) for ‘Defence Services’ has been conveyed to Ministry of Defence in May, 2007. The allocations for Defence Services in 2007-08 and 2008-09 have been made on the basis of the estimates agreed to by Ministry of Finance for the Eleventh Defence Five Year Plan. It is for the Ministry of Defence to plan their expenditure based on the integrated perspective plan.”

2.47 The Service/Department-wise position of allocation during the first two years of XIth Defence Plan period is as under:-

(Rs. in crores)

Service/Deptt.	Allocation		
	BE 2007-08	RE 2007-08	BE 2008-09
Army	45316.54	45432.26	49228.23
Navy	17529.44	16036.38	19506.77
Air Force	27021.74	24682.99	30126.98
DGOF	(-)202.41	87.59	(-)171.65
R & D	5887.22	5896.81	6486.35
DGQA	447.47	363.97	423.32
Total	96000.00	92500.00	105600.00

2.48 In regard to present status of 11th Defence Five Year Plan, in the action taken reply to the recommendation of the Committee contained in their Sixteenth Report on Demands for Grants of the Ministry of Defence during the year 2007-08, the Ministry stated:-

“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.”

2.49 On the issue of advance planning for the subsequent Five Year Plan, the Ministry in their background note have stated that:

“The 11th Five Year Plan has already been prepared and is under active consideration. A Long Term Integrated Perspective Planning (LTIPP) is also under consideration for the period 2007-22.”

CHAPTER III

MINISTRY OF DEFENCE (CIVIL & DEFENCE PENSIONS)

The following departments are covered under Demand No. 19:

1. Armed Forces Tribunal
2. Coast Guard
3. Jammu and Kashmir Light Infantry
4. Ministry of Defence Secretariat
5. Defence Accounts Department
6. Defence Estates Organisation
7. Canteen Stores Department
8. Public Sector Undertakings
9. Chief Directorate of Purchase

Demand No. 20 deals with Defence (Pension).

3.2 The actuals for the year 2006-07, BE, RE for 2007-08 and BE for 2008-09 for the Ministry of Defence (Civil) are as under:

(Rs. in crores)						
	Actual 2006-07	BE 2007-08	RE 2007-08	BE 2008-09	Percentage Variation in BE 2008-09 over BE 2007-08	Percentage Variation in BE 2008-09 over RE 2007-08
Armed Forces Tribunal (AFT)	0.00	0.00	0.00	6.09		
Coast Guard	704.67	1150.00	900.41	1427.06	24.09	58.49
JAKLI	301.86	334.43	322.33	340.49	1.81	5.63
MOD Sectt. (DOD, DDP, DR & D, DESW)	68.84	67.74	68.88	64.36	-4.99	-6.56
DAD	531.26	645.04	634.14	696.78	8.02	9.88
DEO	65.04	70.03	67.79	84.95	21.31	25.31
CSD	4540.54	5377.65	5603.71	6141.94	14.21	9.60
PSUs	5.04	0.00	0.00	0.00	0.00	0.00
Chief Dte. of Purchase	1.52	1.94	1.74	2.22	14.13	27.59
Gross Total	6218.77	7646.83	7599.00	8763.89	14.61	15.33
Less CSD Sale Recpt	4713.27	5600.00	5824.00	6393.07	14.16	9.77
Net Total (MoD-Civil)	1505.50	2046.83	1775.00	2370.82	15.83	33.57

ARMED FORCES TRIBUNAL

3.3 Armed Forces Tribunal has been included for the first time in BE 2008-09 as the Tribunal will start functioning during 2008-09. Rs. 6.09 crore has been allocated for the same. When asked about the status of the Armed Forces Tribunal, a representative of the Ministry of Defence during oral evidence, stated:-

“The Armed Forces Tribunal Act was passed in December 2007. Rules are being framed for this. They are still to come into force. One is Procedure and Practice of the Court. That we have sent to the Law Ministry for consideration and it is being vetted there. By the month of June or July, we hope that it will be implemented.”

FORCE LEVEL OF COAST GUARD

3.4 The Coast Guard is responsible for:

- a. ensuring the safety and protection of artificial islands, offshore terminals, installations and other structures and devices in maritime zones;
- b. providing protection to fishermen including assisting them at sea while in distress;
- c. taking such measures as are necessary to preserve and protect the maritime environment and to prevent and control marine pollution;
- d. assisting customs and other authorities in anti-smuggling operations;
- e. enforcing the provisions of such enactments as are for the time being in force in the maritime zones; and
- f. such other matters, including measures for the safety of life and property at sea and collection of scientific data, as may be prescribed.

3.5 The budget allocation for Coast Guard from 2006-07 to 2008-09 is as under:

2006-07			2007-08		2008-09
BE	RE	ACTUAL	BE	RE	
1075.00	836.45	704.67	1150.00	900.41	1427.06

3.6 From the above table it is evident that there has been drastic reduction of allocation at the revised estimate for the year 2006-07. It may also be noted that there was further reduction in actual for the same. On the issue of sanctioned force level of Coast Guard, the Committee were informed during the examination of Demands for Grants 2007-08 that:

“The assted requirement for Coast Guard is of 154 ships, 93 boats/crafts and 105 Aircrafts.”

3.7 Against the above projection, the Indian Coast Guard has a force level of 43 ships, 45 aircrafts and helicopters, 19 boats/crafts and 23 non-commissioned boats/crafts in its fleet.

3.8 The representative of Ministry of Defence during examination of Demands for Grants (2007-08) had also projected the capability gap existing in the following:

- a) Surface surveillance by day and night.
- b) Shallow water operations and
- c) Aerial surveillance by day and night.

MONITORING AND DISBURSEMENT OF FUNDS UNDER REHABILITATION AND RESETTLEMENT POLICY BY DEFENCE ESTATE OFFICER

3.9 The Comptroller and auditor General in its report for the year ended March, 2007 had adversely commented upon irregular appropriation of defence funds intended for payment of compensation to farmer which is reproduced as under:

"Failure of the DEO to monitor the disbursement of compensation to the farmers resulted in mis-utilisation of Defence funds by the State Government"

3.10. In this connection, when asked to furnish the opinion on taking responsibility for monitoring and disbursement of funds by the Ministry of Defence/DEO in order to provide better rehabilitation and resettlement to the displaced persons as is being done by the Ministry of Railways, the Ministry of Defence in their written reply stated:-

"The Defence Estates Officer (DEO) has no role in controlling the flow of funds, once these are placed at the disposal of the Collectors of concerned districts. The DEO does not come in picture in any administrative/financial hierarchy during disbursement of compensation. It is solely the responsibility of Collectors concerned.

WELFARE OF EX-SERVICEMEN

3.11 The National Common Minimum Programme (NCMP), as adopted by the Government, envisaged setting up of a new Department of Ex-Servicemen Welfare in the Ministry of Defence. A new Department called "Department of Ex-Servicemen Welfare" was created on 22nd September, 2004. The main objective of creating a new Department of Ex-Servicemen Welfare is to give focused attention to the welfare programmes for Ex-servicemen (ESM) and their dependants including pensionary

benefits, re-employment and rehabilitation. The Department has been allocated the following broad functions to look after:-

- (a) All aspects of re-settlement and welfare of ex-servicemen and their dependents, including liaison with State Governments.
- (b) Ex-Servicemen's Contributory Health Scheme.
- (c) Matters relating to the Directorate General of Resettlement and Kendriya Sainik Board.
- (d) Administration of –
 - i. the Pension Regulations for the Army, 1961 (Part I and II),
 - ii. the Pension Regulations for the Air Force, 1961 (Part I and II).
 - iii. The Navy (Pension) Regulations, 1964, and
 - iv. The Entitlement Rules to Casualty Pensionary Awards to the Armed Forces Personnel, 1982.

3.12 The Kendriya Sainik Board (KSB)/Directorate General of Resettlement are also assisted in their task by various Rajya Sainik Boards/Zila Sainik Boards which are under the administrative control of respective state governments. The Government of India bears 50% of the expenditure incurred on the organisation of RSBs while the remaining 50% expenditure is borne by the respective state governments, since the welfare and resettlement of ESM is the joint responsibility of the central government as well as the state governments.

3.13 In order to maintain a youthful profile of the Armed Forces, approximately 60,000 service personnel are retired/released every year at a comparatively younger age. At the time of retirement, majority of service personnel are at an age where they have numerous unfinished family and other social responsibilities which necessitates taking up a second occupation.

3.14 The Department of Ex-Servicemen Welfare in the Ministry of Defence is the apex wing of the Government in the Ministry of Defence to formulate various policies for the welfare and resettlement of ESM in the country. The Department has two Divisions, Resettlement and Pension Division. The Department is assisted by two Inter Services Organizations, Directorate General of Resettlement (DGR) and Kendriya Sainik Board (KSB). Whereas the KSB, which is headed by Raksha Mantri as an ex-officio President of the Board, lays down general policies for the welfare of ESM and their dependents and

also for administration of welfare funds, the office of Directorate General of Resettlement implements various policies/ schemes/programmes adopted by the Government. The Directorate General of resettlement has five Director Resettlement Zones (DRZs) in five Army Commands.

3.15 During the presentation before the Committee, a representative of Directorate General Resettlement informed the Committee that there are about 20.59 lakhs Ex-servicemen and about 4.67 lakhs widows registered at present. The ESM population is mainly concentrated in the states of Punjab, Uttar Pradesh, Uttaranchal, Haryana, Maharashtra, Kerala, Rajasthan and Tamil Nadu.

3.16 Pointing out that the year 2007 was the year of placement of ESM, a representative of DGR submitted the following information:

(i)	Placement of Personnel below Officer's Rank	-	64,212
(ii)	Officers' Placement	-	798
	Total Placement	-	65,010

3.17 The break-up placement in different organizations as on 31 December, 2007 is as under:-

RESETTLEMENT ESM (OFFICERS)-2007		
Sl.No.	Organisation	Number of Officers Employed
1.	Central PSUs/RSB/ZSB	252
2.	Pvt. Organisations	352
3.	Security Agencies & Toll Plazas	194
	Grand Total	798

PLACEMENT OF ESM (PBOR)-2007				
	Q1	Q2	Q3	Q4
Central Govt.	02	294	13	19
Central PSUs/ Banks	07	3277	05	13
State Govt.	-	3462	-	-
Pvt. Security & Toll	8195	10131	7428	8899
Pvt. Organisation	291	9145	450	227
DSC	840	607	382	373
CPMF	70	04	03	-
Total	9405	26920	8281	9531
Placement till Nov. 07	54137			
Placement through Army/Navy/AFPA	940/321/354			
Grand Total	64212			

3.18 On being asked about the placement against the number of vacancies, a representative of DGR submitted before the Committee:

“That data cannot be available because it is not compulsory registration for employment.”

3.19 The Sixth Pay Commission in their report submitted to the Government recently has recognized the need for lateral induction of Ex-Servicemen into Central Para Military Forces (CPMFs) and other Central Police Organizations (CPOs). The Fifth Pay Commission had also recommended increase in percentage of posts reserved for retired service personnel in Group ‘C’ and ‘D’ in CPOs to 25 per cent by lateral transfer. The Fifth Pay Commission had also suggested setting up a joint recruitment board comprising representatives of CPOs and Defence Forces Headquarters that would jointly select officers/men who would render 7 years service in Defence Forces to be followed by lateral shift to CPOs.

3.20 The issue of lateral shift of Defence Forces personnel in CPOs was discussed by the Commission with officials from Ministry of Defence as well as Ministry of Home Affairs. Whereas the former were generally in favour and in fact welcomed the scheme, the Ministry of Home Affairs had expressed several reservations. The Commission has analyzed these reservations of MHA as under:-

i) **MHA argument** – The age profile of the CPOs will be hit adversely by this lateral shift.

Analysis – Presently the average age of recruitment in Defence Forces is 19 years. As against this, in CPMFs personnel upto the age of 26 years are recruited. After that such persons have to be trained. This on an average takes one year. If the recruits in Defence Forces are laterally shifted to the CPOs after a stint of 7 years, their average age at the time of entering the CPOs will be around 26 years. Moreover, they will be fully trained. As such, the age profile of CPOs will not be hit adversely by this lateral shift.

ii) **MHA argument** – The training of Defence Forces personnel is different from that of CPOs. Defence Forces personnel are trained to kill whereas police forces personnel are trained to control and not kill. Therefore, lateral shift of Defence Forces into CPOs will lead to operational problems.

Analysis – It is fallacious to assume that training procedure of Defence Forces will not be effective for rendering service in CPOs. In fact, Defence Forces are highly disciplined and are trained to take action as per the orders given and as per the demand of the situation. This is evident by the fact that Defence Forces are now being used in a major way in all the counter insurgency operations which earlier were being carried out by the CPMFs and CPOs. Defence Forces are increasingly being used for various kinds of duties in the interior of the country which are far removed from protecting the borders from the attack of

foreign enemies. The ex-Defence Forces personnel are also given employment in State Police and CPOs. In fact there is a 10% reservation for ex-Defence Forces personnel to the post of Assistant Commandant in CPOs. Nobody has ever complained that the ex-Defence Forces personnel recruited in various police forces/ CPOs have not performed as well as any other CPMF personnel. The argument, therefore, is not sustainable on facts.

iii) **MHA argument** – The scheme will curtail the available employment opportunities.

Analysis – This argument will need to be seen in the light of the fact that the scheme will provide life time employment to the successful candidates who will serve for a few years in the Defence Forces and thereafter be laterally shifted to CPOs/defence civilian organisations. Presently, persons recruited in the Defence Forces get a service of only 17 years. Consequently, re-employment has to be found for them once they are discharged from the Defence Forces. The new scheme will resolve this problem effectively. Therefore, no real loss in employment opportunities will occur due to implementation of this scheme.

iv) **MHA argument** – There will be problems about career progression of existing recruits who are directly inducted in the CPMFs because Defence Forces personnel on lateral shift to CPOs/defence civilian organisations will retain their seniority and will, therefore, become senior to these personnel.

Analysis – This problem will exist for some of the existing personnel who are recruited directly in CPMFs. However, the current scheme of running pay bands and the modified assured career progression scheme will ensure that none of the existing direct recruits in various CPOs/defence civilian organisations stagnates at any point in his/her entire career. Further, the problem will not exist for a very long time because eventually all the recruits in CPOs/defence civilian organisations will come through the Defence Forces personnel which will automatically resolve this problem.

v) **MHA argument** – It will be difficult to establish one to one parity between different posts in Defence Forces and CPOs/defence civilian organisations.

Analysis – While it is true that no clear-cut parity had existed in Fifth CPC pay scales between different posts in Defence Forces and CPOs/different defence civilian organisations in the revised scheme of running pay bands and grade pay being recommended, a complete one to one parity has been established between posts in Defence Forces vis-à-vis those in CPOs/other civilian organisations. Hence, the problem has been effectively addressed in the revised scheme of running pay bands being recommended by the Commission.

3.21 Regarding the lateral transfer scheme, the Sixth Pay Commission has suggested:-

“This scheme will not only make available sufficient number of trained manpower for CPOs as well as defence civilian organizations but will also curtail the pension bill of the Government significantly. It is estimated that the Government spends nearly Rs.100 crore per annum on recruitment and training of personnel for CPOs and defence civilian organizations. This expenditure will be completely saved. Further the Government will have to pay pension to the retiring Defence Forces personnel only after 30/33 years of service as against 17 years of service at present. This will result in a further saving of Rs.700 crore per year. These savings will grow cumulatively for a period of 13 years. Therefore, at the end of 13 years the annual savings on this account will be to the tune of Rs.7800 crore at constant price index. The Government will also not have to provide for special measures and find means of providing rehabilitation of ex-Defence Forces personnel. This will have other side benefits because the trained manpower of the

Defence Forces will be engaged in a life time employment and no subversive elements will be able to misguide them for anti social activities.”

3.22 The Committee also desired to know the policy of State Governments towards rehabilitation of ESM and policy towards providing cash award for gallantry award winners. In response, a representative of the Ministry of Defence apprised the Committee as under:

“You are right, there is a difference between States in awarding PVC or MVC winners. The PVC winner has given his life and brought glory to the regiment and the country in a war. But inspite of that, some states give Rs.20,000/- and some give Rs.20 Lakhs. This kind of disparity exists. It is incumbent upon us to set it right.....We are planning to advise the States that we should have a policy which is relatively similar.”

Educational Facilities to Wards of Ex-Servicemen

3.23 On being asked about the educational scholarships offered to the wards of Ex-Servicemen, the Ministry submitted the following information:-

(i) & (ii) Army Welfare Education Society awards scholarships to the wards of army personnel on merit cum means basis from Army Welfare Funds which are Regimental Funds and not Public Funds. It does not receive any funds from the Defence Budget.

(iii) There are two merit cum means scholarship schemes to promote the talented youths available through KSB:-

(a) **PM's Merit Scholarship Scheme:** The scheme for the wards of Ex- servicemen had started in academic year 2006-07. A total No. of 4000 scholarships are available every year under this scheme as follows:-

Rs. 15,000/- per annum for boys.

Rs. 18,000/- per annum for girls.

Priority is given to wards of War Widows/War Disabled Soldiers.

(i) Total No. of applications received during the year 2006-07 - **8174**

(ii) No. of eligible candidates awarded scholarship for year 2006-07 :-

Boys - 2496

Girls - 1403

Total - 3899

(iii) Total No. of applications received during the year 2007-08 - **5850**

(iv) No. of eligible candidates short listed for academic year 2007-08

(upto 25 Mar 08) :-

Boys - 2188

Girls - 1560

Total - 3748

These scholarships are funded from the National Defence Fund and not Defence Services Estimates.

(b) Educational Grant from Raksha Mantri's Discretionary Fund (carved out of Armed Forces Flag Day Fund) for ESM and Widows in receipt of Pension upto Rs. 3000/- and 3500 respectively.

Children Education Grant	
(i) Up to 12 th standard for 2 children	200/- pm for sons & 400/-for daughters
(ii) Up to graduation.	600/- pm for daughters
(iii) Up to one child joining Defence Officers Training Institutes like NDA/IMA for the duration of the training.	1000/- pm

Amount Disbursed During Last Three Years for Educational Grant out of RMDF: -

Sl. No.	Financial Year	No. of Beneficiaries	Amount Disbursed
1.	2005-06	13	Rs. 84,000/-
2.	2006-07	98	Rs. 4,18,800/-
3.	2007-08	116	Rs. 9,52,800/-

(iv) Central Govt and respective State Govts have made reservations for admission of wards of ESM & widows in various Educational Institutes. The details are as under:-

(a) Kendriya Sainik Board allocates 30 (approx) MBBS/BDS Seats to the Wards of Defence Personnel through the Ministry of Health and Family Welfare in the following categories :-

S.No	Category	Priority
(i)	Killed in Action	1
(ii)	Disabled in Action and boarded out from Service	2
(iii)	Died while in service with death attributable to Military Service	3
(iv)	Disabled in service and boarding out with disability attributable to Military Service	4
(v)	Gallantry Award Winner (Service/Retired) (Does not include Service Medal)	5

(b) The details of reservations provided to the wards of ESM/widows in various Educational Institutes by the respective State Govts are also provided.

(c) However, Ministry of HRD has been requested from time to time to extend at least 5% reservation in all the Educational Institutes under Central Govt.

(d) One vacancy has also been reserved for widows of defence personnel in every DGR run management courses in premium management institute.

(v) 27% reservation is provided to wards of defence personnel in Sainik School.

Ex-Servicemen Contributory Health Scheme (ECHS)

3.24 In order to provide better medical facilities to Ex-Servicemen and their dependents, the Government have introduced a medical scheme, i.e. Ex-Servicemen Contributory Health Scheme for providing medical facilities to Ex-Servicemen, war widows and their dependents on the pattern of Central Government Health Scheme (CGHS)

3.25 The eligibility criteria for membership of ECHS is that the person should be Ex-Servicemen and be drawing normal/disability/family pension. Defence Security Corps (DSC) and Coast Guard pensioners included w.e.f. 22 January, 2008. It includes dependents also i.e. spouse, sons upto 25 years of age, unmarried/divorced daughters, parents (normally residing with the pensioner) and for special child, ECHS cover is for life. On being asked about the one-time contribution to ECHS, the representative of ECHS submitted the following information:-

PENSION (Uncommuted Basic Pension + Dearness Pension)	RATE OF ONE TIME SUBSCRIPTION
Upto Rs. 3000/-	Rs. 1800/-
Rs. 3001 to 6000/-	Rs. 4800/-
Rs. 6001 to 10000/-	Rs. 8400/-
Rs. 10001 to 15000/-	Rs. 12000/-
Above Rs.15001/-	Rs. 18000/-

Fixed medical allowance not entitled for ECHS members.

NOTES:

- War Widows and War Disabled exempted from contribution.
- Pre-1996 Retirees are exempted from contribution.

3.26 During the course of discussion, the members desired to know the logic behind not giving the medical cover to the sons of ESM on completion of 25 years, to which the Ministry replied as under:-

“After 25 normally the son would be employed”

3.27 The Defence Secretary further added:-

“The number of people who are covered by this scheme will then go up greatly and the chances of misuse through sons, on the whole are greater than the chances of misuse through daughters.”

3.28 In reply to a question about the reasons for increase in grants given to Ex-Servicemen Contributory Health Scheme, the Ministry submitted the following information:-

“The increase in ECHS budget is directly related to the increase in annual membership and the increase in cases of referral to civil empanelled facilities, service facilities being constant and limited. About 12 lakhs pre- April, 2003 retirees (40.80 lakhs beneficiaries) have yet to join the scheme. Assuming that the increase in beneficiaries in the next FY 08-09 will be more or less the same as in FY 07-08, it is expected that about 6.74 lakh beneficiaries will join the scheme, which is an increase by about 31.60% over FY 2007-08, but the increase in budget is only 22.50% from Rs. 489.91 Cr to Rs. 600.14 Cr. Out of Rs. 600.14 Cr (BE 08-09), Rs. 531 Cr (88.5%) have been catered for expenditure towards medicines and medical treatment of the beneficiaries.”

3.29 On being asked about the view of the Department of Ex-Servicemen Welfare regarding delinking ECHS from CGHS in prescribing admissible rates, as some hospitals refuse to empanel with ECHS due to lower rates, the Department submitted the following information:-

“The Government have constituted a Committee under the chairmanship of Defence Secretary to go into the whole gamut of the issues relating to the procedure for payment and reimbursement of medical expenses under Ex-Servicemen Contributory Health Scheme.”

3.30 A representative of the Department added the following:-

“Now the time has come for revamping and re-looking at this scheme, which we are doing. A Committee has been set up under the Chairmanship of the Defence Secretary and within a few months, we will be coming out with a revamped scheme.”

CHAPTER-IV

ARMY

Out of the total Defence budget of Rs. 1,05,600 (Budget Estimates) crore for the year 2008-09, Army's share constitutes 46.15 per cent *i.e.* Rs. 48,739 crore as compared to 46.76 per cent *i.e.* Rs. 44,890 crore of the total budget of Rs. 96,000 crore in the Budget Estimates (BE) of Defence for the year 2007-08.

4.2 Out of the total allocation made to Army for the year 2008-09, Revenue expenditure constitutes 73 per cent against 62.75 percent in the RE for the year 2007-08; whereas Capital component is 27 per cent against 25 per cent in the RE for the year 2007-08.

4.3 As regards the budgetary provision for Army in comparison to Navy and Air Force, the Ministry of Defence submitted the following information:-

(Rs. in crore)

FINANCIAL YEAR	TOTAL DEFENCE BUDGET	ARMY'S SHARE %	NAVY'S SHARE %	AIR FORCE'S SHARE %	OTHERS %
2003-04	65,300	33,904 (52)	11,981 (18)	15,419 (24)	3,996 (06)
2004-05	77,000	35,973 (47)	13,150 (17)	23,270 (30)	4,607 (06)
2005-06	83,000	39,956 (48)	15,253 (19)	21,809 (26)	5,982 (07)
2006-07	89,000	41,915 (47)	16,141 (18)	24,865 (28)	6,079 (07)
2007-08	96,000	44,890 (47)	16,750 (17)	27,022 (28)	7,338 (08)
2008-09	105,600	48,739 (46)	18,659 (18)	30,127 (28)	8075 (08)

4.4 In reply to a question about Army's projection of demand for the year 2008-09, the Ministry of Defence submitted the following information:-

(Rs in crores)

	Projected BE 2008-09	Actual BE 2008-09	Difference
Revenue	37899.00	35431.65	2467.35
Capital	16325.95	13307.81	3018.13
Total	54224.95	48739.47	5485.48

(Excludes NCC and DGQA)

4.5 The Ministry of Finance does not allocate funds Service wise. The ceilings communicated by the Ministry of Finance were based on 6.5% BE to BE increase under the Revenue Head and 14.52% increase under the Capital Head. The actual BE 2008-09 shown in the Table above represents 6.5% and 13.52% increase under Revenue and Capital Head respectively over BE 2007-08.

4.6 On being asked by the Committee about the break up of Revenue Budget Estimates of Army for the year 2008-09, the Ministry of Defence submitted as under :-

(Rs. in crore)

HEAD	BE 2007-08	RE 2007-08	BE 2008-09	Difference with respect to RE 2007-08
Pay & Allowances	15944.00	16353.00	16982.00	629(3.8%)
Transportation	1271.00	1351.00	1380.00	29(2.1%)
Military Farms	181.00	196.00	202.00	6(3.1 %)
ECHS*	330.00	490.00	600.00	110(22.4%)
Stores	10616.00	9834.00	10876.00	1042(10.6%)
Revenue Works	3341.00	3621.00	3733.00	112(3.1%)
Rashtriya Rifles	1450.00	1565.00	1678.00	113(7.2%)
Other Expenditure	1236.00	1228.00	1381.00	153(12.5%)
Total (Net)	33269.00	33438.00	35432	1994(5.9%)

* Ex-Servicemen Contributory Health Scheme

4.7 The total allocation (Revenue Expenditure) made to the Army in the Budget Estimates 2007-08 was Rs. 33,269 crore which was increased to Rs. 33,438 crore in the Revised Estimate stage. In the Budget Estimate 2008-09 the allocation has been increased from Rs.33,438 crore to Rs. 35,432 crore, which is six per cent more than last year's allocation. However, it is Rs. 2,467 crore less than the projected amount of Rs. 37,899 crore.

4.8 In the presentation before the Committee, giving the analysis of capital head of Budget of Army for modernization and non-modernization for the year 2008-09, the Ministry submitted the following tabular information :-

CAPITAL (MODERNISATION) HEAD

(Rs. in crore)

HEAD	BE 2007-08	RE 2007-08	BE 2008-09	Difference with respect to RE 2007-08
AC & AERO ENGs	1040	1304	427	(-) 877 (67.2%)
HY AND MED VEHs	594	541	662	121 (22.4%)
OTHER EQPT (TRADE)	5158	4308	6382	2074(48.6%)
ROLLING STOCK	72	42	115	73(173%)
RASHTRIYA RIFLES	73	29	22	(-) 7 (24.1%)
TOTAL MOD	6937	6224	7608	1384 (22.2%)

CAPITAL (NON-MODERNISATION)

(Rs. in crore)

HEAD	<u>BE</u> 2007-08	<u>RE</u> 2007-08	<u>BE</u> 2008-09	<u>Difference with</u> <u>respect to</u> <u>RE</u> 2007-08
LAND	100	23	50	27 (117.4%)
HY AND MED VEHs(DGOF)	125	1085	624	(-) 461 (42.5%)
OTHER EQPT (DGOF)	1359	1298	1903	587 (45.2%)
MIL FARMS	8	7	8	1 (14.3%)
ECHS	57	14	60	46 (328.6%)
MEDICAL EQPT	100	70	60	(-)10 (14.3 %)
CONSTRUCTION WORKS	2935	2827	2996	169(6.0%)
TOTAL NON-MOD	4684	5324	5701	377(7.1%)

4.9 On the side of Capital Account, the allocation for the Army in the Budget Estimate 2007-08 was Rs. 11,621 crore which was reduced to Rs. 11,548 crore in the Revised Estimate. The Capital allocation in the Budget Estimate for the year 2008-09 has been increased from Rs. 11,548 crore to Rs.13,308 crore, which is eight per cent more than the last year's allocation.

4.10 While presenting the Budget for the year 2007-08, Finance Minister had, in his Budget speech, stated that "any additional requirement for the security of the nation will be provided".

4.11 The representative of the Ministry informed the Committee that there was a shortfall of Rs. 1928 crore in the projected amount.

4.12 During the oral evidence, when the Committee asked about the increasing revenue expenditure of Army, the representative of Army stated as under :-

“The Revenue -Capital ratio is 73:27, the Revenue being Rs. 35,432 crore and Capital being 13,308 crore. The NCC and Inspection Organisation (Budgets) are not included in the Army Budget. While elaborating the revenue against last year’s BE Rs. 33,269 crore, there is an increase of Rs. 2,163 crore which is 6.5 percent; against the RE, the increase is 6 per cent.”

4.13 Giving clarification on the allocation of capital budget and items categorised under modernization and non-modernisation, the representative of Army stated as under :-

“As far as Capital is concerned, we have divided it into two parts: One is the modernization which is the capital acquisition and the non-modernisation which are those items which are of capital nature, but do not involve capital acquisitions.”

“As far as the modernisation is concerned, all items new which are not yet scaled and which are procured from abroad. Thereafter, depending on the cost, they either become revenue items and they are below Rs. 10 lakh or remain in the capital sphere if they are costing more than Rs. 10 lakh with a life of more than seven years.”

4.14 On being asked by the Committee about the distinction between capital / revenue items under modernisation, the representative of Army stated as under :-

“Any item which is scaled does not form part of modernisation any more. It moves into non-modernisation. Any item which is yet to be scaled will be under the modernisation. That means it is coming in the first time. An item comes in only when it has been decided in the procurement procedures. It goes through various levels, if they form part of the services capital acquisition plan. This is cleared depending on the overall cost of the items up to the Cabinet Committee on Security.”

4.15 When asked about the reasons for decline in the share of Army’s budget out of the overall budget of Ministry of Defence, the Defence Secretary stated as under:

“First of all, I would like to say that this reduction does not at all reflect on the Army’s importance in any sense. The fact is that as far as the overall expenditure goes, you may have seen in an earlier slide, for example of capital acquisition, 48 per cent is for Air Force. This is simply because aircraft and ships cost more. So the relative share of capital acquisition of Navy and Air Force is higher because of the nature of equipment being procured presently. The Army will also purchase similar high value items and those will be procured when the time comes.”

4.16 The Committee desired to know the likely impact due to decline in revenue allocation from 46 percent to 34 percent, the representative of the Ministry stated:

“The revenue expenditure directly affects the quality of life of the Services, whether we talk about accommodation, whether we talk about transportation or stores etc.”

“What I just wanted to suggest is that this is the overall deficiency, but it has to be made up gradually. As the hon. Chairman very correctly observed it cannot be made up in one go. There are various restrictions and it is not advisable. So, if there is a requirement of making up a portion of it, there is a priority laid down and it has to be in consonance with what are the supplies through ordnance factories, etc. and this will be done in due course. There is no great emergency as such. What we want to make the Committee aware is that there is certain shortfall and little more allotment under the revenue fund will help.”

4.17 The representatives of the Ministry informed the Committee that there is a shortfall of Rs. 2451 crore in the projected amount by Army, which will affect Ordnance Stores, works and ECHS. Allotment also needs review considering inflation of 5.5%.

DIRECTORATE GENERAL OF QUALITY ASSURANCE (DGQA)

4.18 The Directorate General of Quality Assurance (DGQA) is under Deptt. of Defence Production, Ministry of Defence. This organisation is more than hundred years old and provides Quality Assurance (QA) cover for the entire range of arms, ammunitions, equipments and stores supplied to Armed Forces. Apart from QA activities, the organisation is responsible for import substitution and associates with Defence Research and Development Organisation (DRDO) in the development projects. It also ensures Documentation, Codification and Standardisation Action for minimizing the variety of components / equipments. The other services rendered are promotion of small scale industries, post procurement services, Defect Investigations and Technical Consultancy to the users, Ministry and the Production Agencies.

4.19 The establishments under this organisation are spread all over the country where mainly the Ordnance Factories, Defence Public Sector undertakings and Industrial base exist.

4.20 During the presentation before the Committee, a representative of the Ministry submitted the following information about the Budget Estimates of DGQA:-

HEAD	ACTUALS 2006-07	REVISED ESTIMATES 2007-08	BUDGET ESTIMATES 2008-09
NET REVENUE	318.18	354.95	374
CAPITAL	17.69	9.02	49.32
TOTAL	335.87	363.97	423.32

The role of DGQA is stated to be as follows:-

(i). DGQA is responsible for quality assurance of defence stores produced by Ordnance Factories, Public & Private Sector Units as also procured ex –Import. DGQA grants product specific self certification to the firms having established and proven quality management systems and consistency in quality of the product. 58 firms have already been granted product specific self certification. In respect of firms granted product specific self certification, DGQA restricts itself to process / quality audits and undertakes the duties of second party quality assurer.

(ii). The role of DGQA is not only limited to quality assurance of the stores as mentioned above, it also provides assistance, advice, documentation to facilitate optimal utilisation of equipment. Some of the important functions are as under :-

- (a) Provide inputs & tech advice to Army HQrs for formulation of General Staff Qualitative Requirements (GSQR), General Staff Policy Statements (GSPS), Equipment Management Policy Statements (EMPS), General Staff Equipment Policy Committee (GSEPC) and vetting of Draft RFP & draft Contracts.
- (b) Associate with R&D agencies in development & technical trials of prototypes.
- (c) Render tech advice during acquisition process as per DPP 2006.
- (d) Conduct technical trials of equipment. Participate in user trials to render tech advice.
- (e) Prepare documents relating to introduction of equipment in service, their maintenance and exploitation and their obsolescence policies.
- (f) Issue of assignment list which is basic document for prove of stores by the stocking depot.

- (g) Preparation / Vetting of Tech Manuals such as Illustrated Spare Part Lists, User Hand Book, Ammunition Maintenance Instructions and Complete Equipment Schedule etc.
- (h) Periodic review of shelf life of Ammunition and mines and advice to Army Headquarters regarding assessment and extension of their shelf life, if any.
- (i) Assistance in standardization and codification of equipment.
- (j) Progressing of all Defect Reports on equipment being raised by service HQ and identification of assignable causes for these defects and suggest remedial measures to prevent recurrence.

(iii). The grant of product specific self certification to supplier, in fact entails qualified delegation of certain responsibilities, to the manufacturers. However, DGQA continues to shoulder responsibilities for key QA functions such as process audits, quality audits and is responsible to the users for all quality related issues of self certified products. Self certification of products envisages the devolution of end product QA Check responsibilities to the manufacturers which is one of the many other functions of DGQA Organisation as brought out in the earlier paragraphs.

Supply of Defective Material

4.21 The Committee desired to know that inspite of inspection by DGQA, how the defective material reaches the Army. The Defence Secretary replied as under:

“It has happened in some cases. It is ordered according to the specifications. In a recent case where some sleeping bags were ordered, it was found that they did not meet quality specifications. That order has been cancelled and legal action has been initiated against the company and a replacement has been procured for that. We have now asked, the Master-general of Ordnance Branches that in fact, they go to the premises of the factories and do an inspection. Some items have been procured. In fact, in a couple of weeks now, we will be sending the Ministry and Finance Division officials to go there and understand how the quality detailing is done.”

4.22 He further stated:

“In fact, this is an area where we cannot afford any complaints. Actually, the quality of equipment determines the safety of soldiers. So in fact, as far as this is concerned, a lot of attention to detail is being paid and a lot of quality control is done. In fact, no expense is being spared. We are procuring from all the over the world and trying to get the best.”

4.23 On being asked by the Committee about pre-delivery check of equipment, the Secretary, Ministry of Defence stated:

“Quality check was done. When the equipment came, it was done. It was not done during the pre-delivery period. The check was done by the DGQA. In this particular case, he found that the Samples were faulty and it was decided not to accept it.

It is done at both the stages. Each consignment is checked by the DGQA. It is quite stringent procedure. Earlier for foreign imports, the pre-delivery inspection was not taking place. But now that has also been introduced. We are sending people abroad so that these kind of problems do not arise. Once the delivery is received here, then also a check is done. It is both ways.”

4.24 Regarding the quality of officers inducted into DGQA, the DG, DGQA stated:

“The other point that you were making was about the quality of officers that we are inducting into DGQA. DGQA is the only organisation where the officers are taken on permanent service from the Army and from the Navy and from the Air Force they are on deputation. We get officers from all the three Services. They continue to enjoy all the benefits and privileges which are available in the Armed forces. This is the only organisation where even though they are working under a civilian authority, they continue to enjoy the same benefits which they would have enjoyed in the Defence Services.”

4.25 A representative of the Ministry of Defence further clarified:

“Sir, as you have rightly said, DGQA is one of the most important organisations because it is responsible for assuring the quality of all the supplies that are being made to the Defence Services, and if they commit fault, as you have observed, it would have a far reaching implication on the life of the soldier himself.”

4.26 The DG, DGQA further clarified:

“How to improve the quality checks etc, is a continuing process. As the Defence Secretary was mentioning, pre-inspection, post-inspection, getting better equipment for testing etc., proof checking, are all being done.”

4.27 On being asked by the Committee on the work load being undertaken by DGQA, a representative of DGQA stated as under:

“I can tell you only for information that about 60-70 percent of the total workload comes out of the ordnance factories and Defence Public Sector Undertakings, about 20 per cent is through import and balance 10 per cent is through the private vendors.”

4.28 The Committee enquired about the action taken against the persons found responsible for supplying faulty ammunition during the Kargil War, the representative of the Ministry stated:-

“We have taken action in the last three years; 126 personnel have been charge-sheeted. They have been given either minor or major penalties.”

SAINIK SCHOOLS

4.29 Sainik Schools were established in 1961 as joint venture of the Central and State Governments. These are under the overall governance of Sainik Schools Society. The objectives of Sainik Schools include bringing quality public school education within the reach of the common man, all round development of a child's personality and to remove regional imbalance in the officers' cadre of the Armed Forces. The Sainik Schools prepare boys academically, physically and mentally to join Armed Forces through the National Defence Academy (NDA). Sainik Schools are wholly residential schools run on public school lines. All the Sainik Schools are also members of the All India Public Schools Conference. Sainik Schools admit boys in Classes-VI & IX on the basis of an all India entrance examination. Class-XI boys are admitted on the basis of their board results. They offer a common curriculum and are affiliated to the Central Board of Secondary Education, New Delhi and follow the 10+2 pattern of education. The schools impart instructions in English medium although knowledge of English is not a pre-requisite for admission. There are at present only 22 Sainik Schools (**Annexure**) in the country.

4.30 67% of seats are reserved for boys of the state where the school is located. The balance 33% is kept for outside state quota. 25% seats in these schools are reserved for children of service personnel including ex-servicemen. 15% of seats are reserved for SC and 7.5% for ST.

4.31 The entire capital expenditure on land and buildings is met by the respective state govts. The state govts also award scholarships on merit cum means basis. These are fully residential schools run on Public School lines. NCC is compulsory upto Class-XII. Most sainik Schools are designed for 525 cadets spread over from Class-VI to XII. These

are financially self sustaining institutions and all expenditure on establishment, training and pension are met out of fee collected from the students.

4.32 Statement of Expenditure in regard to Sainik Schools for the last five years as furnished by the Ministry of Defence is as follows:

(RS. CRORE)

YEAR	BE	RE	ACTUAL EXPENDITURE
2003-04	14.45	14.45	14.45
2004-05	14.45	14.45	14.45
2005-06	14.45	14.45	14.45
2006-07	15.00	15.00	15.00
2007-08	16.00	16.00	14.57 till date

4.33 Contribution of Sainik Schools in NDA in last six courses is as under:-

TERM	COURSE TERMS	TOTAL STRENGTH OF NDA	NO. OF SAINIK SCHOOL BOYS	PERCENTAGE
VI.	114 – Jul 05	301	84	27.91%
V.	115 – Jan 06	261	49	18.77%
IV.	116 – Jul 06	386	124	32.12%
III.	117 – Jan 07	280	46	16.43%
II.	118 – Jul 07	336	120	35.71%
I.	119 – Jan 08	195	28	14.36%
	TOTAL	1759	451	25.6 %

Note: July Course/term get maximum number of boys from Sainik Schools because they appear for NDA examination while in School.

4.34 Regarding the role of state government in running of Sainik Schools, the Ministry of Defence informed the Committee that the State Governments contribute land, entire capital expenditure on building of the school infrastructure and by paying a major portion of the running expenditure of the school. They are also required to release grants-in-aids sought for additional infrastructure and academic requirements of the school. The State Governments also contribute the Scholarships on merit cum mean basis.

4.35 The Ministry also informed the Committee that three new Sainik Schools were also sanctioned for Sikkin, Chhattisgarh and Mizoram and proposal for establishing a second new Sainik School in Haryana was under consideration.

4.36 The Ministry during the presentation before the Committee informed that under a new scheme, all boys studying in Sainik Schools receive about Rs. 10,000/- per year as a subsidy from the Ministry of Defence. In some Schools where rates of scholarship are liberal, boys are studying by paying very nominal amount.

4.37 Regarding maintenance of quality of education in Sainik Schools, a representative of Army informed the Committee as follows:

“Sir, I am a product of one of the original five Sainik Schools that were established in the country. In those days when were being trained to appear in the Service Selection Board, our results used to be something close to 95 per cent selection. Now it has gone down to less than 20 per cent. The reasons is the quality of staff and particularly the Principal, who is posted in the Sainik Schools. With your permission, I would like to suggest that the existing policy of selection of staff and particularly the Principal of such Sainik Schools needs to be reviewed. Possibly, there is a restriction there that the Principal should preferably be a B.Ed. qualified officer from the Service, primarily from the Education Corps. In Education Corps, while the officers would be highly qualified academically, but they may or may not be good material for training the leaders that are required in the Army.”

“If we could review the policy pertaining to the selection of Principals in particular and the staff in general for the Sainik Schools, I think it will make a tremendous amount of difference in the quality and the numbers that will be selected in the Services.”

4.38 Another representative from the Army stated:-

“I am also from the first batch of one of the Sainik Schools. We were only eight in that class; four of us appeared and got through; three of us today are three-star Generals in the Indian Army. That was the state of the Sainik Schools in 1962. But unfortunately, it is not so. In addition to the Principal, I would think that Sainik Schools administration must be taken over centrally. It is divided between the Centre and the State. That is where the lacuna is there, that is, your idea of pre-selection, etc. Sainik School is a good set up and it is there in every State which can contribute significantly into the Armed Forces.”

4.39 On the issue of functioning of Sainik Schools, a representative of the Ministry of Defence elaborated further:-

“ You will appreciate that the existing system is there for 60 years. For 60 years this years this system has continued. For the first time this year, Government of India, has put in a fund for infrastructure development of these schools. So, this

amount of Rs. 44 crore is going to come from a special infrastructure fund from the Ministry of Finance. However, this is for equipping the school with laboratories, libraries, equipment, technical aids etc. for education. That is why there is so much disparity because all the States, according to their priority and their resources, allocate the building and the land. If they do not have enough, they do not get. On the one hand, you have Kapurthala with 100 acres in Punjab and on the other you will have a 20-acre school. So, it depends on the State Government. In fact, we cannot over night bring in uniformity in all the buildings all over the country. So, this is the beginning that is being made this year with this new announcement made in the Budget speech.”

4.40 The Committee desired to know about the plan of the Government to expand the Sainik Schools like one in every district, a representative of the Ministry stated: -

“At the moment there is one in each state. In fact, we have to cover three more States. That is the situation. If I may submit, this a 100 per cent responsibility, as per the existing dispensation, as to where you want to give the land. Once they do it, there is a whole process and you will see that it drives down to this fact that wherever they find it suitable, the inspecting team goes and says alright, it is fine etc. You will appreciate that the local G-o-C has to be in-charge of the Board of Governors. He has to be in some kind of vicinity.”

4.41 On the weaknesses of the Sainik Schools, the representative of the Ministry stated as under:-

“Sir, the biggest weakness is that so far the Government of India has had no say in the matter except for an incentive for dietary allowance, appearing in NDA and a little scholarship for sixty years.”

NATIONAL CADET CORPS

4.42 The National Cadet Corps (NCC) was established under the NCC Act, 1948. It has completed 59 years of existence. The NCC strives to provide the youth of the country opportunities for all round development with a sense of commitment, dedication, self-discipline and moral values, so that they become useful citizens of tomorrow. The motto of NCC is “Unity and Discipline”. The total sanctioned strength of NCC cadets is 13 lakh.

The wing-wise distribution of the cadet strength is as under:-

(a)	Army Wing	-	9,71,286
(b)	Air Wing	-	67,912
(c)	Naval Wing	-	66,350
(d)	Girls Wing	-	1,89,108
	Total	-	12,94,656

4.43 The NCC's presence extends to 607 districts of the country covering 8410 schools and 5251 colleges. There is a waiting list of 3470 schools and 1700 colleges. The number of girl cadet's accounts for just 14.6 per cent of the total strength. The quantum of financial allocation made to NCC during the last five year are stated to be as follows:-

Sl.No.	Financial Year	Allocation (In crores)
1.	2003-04	288.20
2.	2004-05	317.78
3.	2005-06	333.93
4.	2006-07	412.08
5.	2007-08	446.70
Proposed BE for 2008-09 is Rs.488.76 Crore		

4.44 In reply to a query regarding presence and participation of students in NCC in North-East, a representative of NCC stated as under:-

“The North-east is very special to us in the sense that 100 per cent funding for camps and courses is given. The State share is also given by the Centre. The largest contingent which comes, that comes from the North-East. You will also be glad to know that since Manipur is very good for polo, we are having a DG NCC Cup which is scheduled by the end of this Month. There is a lot of effort for North-East and Jammu and Kashmir.”

4.45 On the question of induction of girls in NCC, the representative stated as under:-

“ We want to have the figure of 33 per cent for girls, but currently it is 20 to 21 percent. Once our proposal for enhanced strength gets sanctioned, the additional number of girl cadets will get this.”

4.46 A representative of Ministry of Defence added as under:-

“Out of 13 lakh, 2 lakh are girl cadets. In fact, for Navy and Air Force, the number of girl cadets is less than a lakh. The Army has the maximum girl cadets followed by air Force and Navy.”

4.47 On being asked about the States’ contribution towards the NCC, the representative of NCC stated as under:-

“In fact, that had started. Earlier on, the Centre and the State share was 50:50. Now it has been increased to 75 per cent by the Centre.”

4.48 On the projected and allocated amount, a representative of the Ministry of Defence informed as under:-

“Sir our projected requirement was Rs. 601.96 crore under the revenue head and we got Rs. 465.16 crore. The procurement of equipment and vehicle has been cut down through an Annual Procurement Plan. The provision of light vehicles for the rural units is absolutely necessary, and the budgetary support has been provided by the Ministry. The entire amount for training has been met.”

4.49 In this regard, the Defence Secretary added:-

“The Budget is increased every year, and there is an appreciable increase over the last. It cannot jump from Rs. 400 crore to Rs. 600 crore just like that. One cannot have a 50 percent increase in one year. I think that it will be incremental, and it is quite satisfactory.”

POOR QUALITY OF UNIFORM

4.50 Interactions with soldiers during the study visit of the Standing Committee on Defence revealed that soldiers were provided with pre-stitched uniform, which usually did not fit to their size, thereby making them untidy in appearance. As a result, soldiers resort to stitching of uniform from open market by spending their own money.

4.51 In reply to a question on the procedure for supplying uniforms to other ranks and quality check before supplying the uniform, the Ministry submitted the following information:-

“Uniforms are manufactured by Ordnance Factory Board and quality of the same is inspected/checked by Directorate General of Quality Assurance. It is after various visits by Inspection Boards of Officers, pre-stitched uniforms are supplied to troops. The option may be considered after taking feedback from the environment.”

CHAPTER V

NAVY & JOINT STAFF

The Indian Navy, by virtue of its capability, strategic positioning and robust presence in the Indian Ocean Region, has been a catalyst for peace, tranquillity and stability in the region. During oral evidence of the representatives of the Ministry of Defence, it has been stated that the pre-requisites for the growth of Navy are approval of Long Term Plan, sustained budgetary support and robust shipbuilding capacity.

5.2 Demand No. 22 of Defence Services Estimates covers budgetary allocation for Navy and Joint Staff. During the year 2008-09, the Naval Headquarter projected an amount of Rs. 19157.76 crore against which the Ministry of Finance have allocated an amount of Rs. 18659.09 crore. The gap is of Rs. 498.67 crore.

5.3 Details in regard to Revised Estimates(RE) and Actuals during the year 2005-06 and 2006-07 and Budget Estimates(BE) and Revised Estimates(RE) during the year 2007-08 and BE during the year 2008-09 in respect of Navy including Joint Staff were as under:-

(Rs. in crore)

	2005-06		2006-07		2007-08		2008-09
	RE	Actuals	RE	Actuals	BE	RE	BE
Revenue	6,287	6,163	6,812	6,712	6,968	7,092	7,421
Capital	8,490	7,804	8,982	9,486	10,561	8,944	12,086
Total	14,777	13,967	15,794	16,198	17,529	16,036	19,507

It may be observed from the above table that there was shortfall in utilization of Revised allocation to the extent of Rs. 810 crore in 2005-06 and excess utilization to the tune of Rs. 404 crore in 2006-07.

5.4 The allocation for Navy and Joint Staff during RE (2007-08) is Rs. 16036 crore, which is 17.34% of total Defence budget. The BE (2008-09) is Rs. 19507 crore, which is 18.47% of the total Defence budget.

5.5 The Standing Committee on Defence in their 16th Report on Demands for Grants had recommended that Naval share in the Defence budget should be increased to 30% as proposed by the Finance Commission, so that budgetary allocation for Navy may grow in consonance with their long term plan for self-reliance in Naval defence. The Ministry of Defence in their action taken replies to the above recommendation stated that based on progress of expenditure, additional funds will be sought at RE (2007-08). However, at RE (2007-08), the allocation for Navy has come down to Rs. 16036 crore from Rs. 17529 crore at BE (2007-08).

5.6 The budgetary allocation for Navy (excluding Joint Staff) during the year 2007-08 and 2008-09 are as under :

(Rs. In crore)

2007-08		2008-09	
BE	RE	BE	%age of BE(2008-09) of the total budget
16749.59	15227.78	18659	17.7%

The reduction of Navy's budget at RE(2007-08) is reportedly due to slippages on account of Russian procurements and reduced requirement under Land & Works. The percentage of Navy's budget during 2008-09 is only 17.7% of the total defence budget.

5.7 In a presentation before the Committee, the representative of the Ministry of Defence highlighted the following important achievements made during the 10th Plan by Navy:-

1. Construction of Six Submarines under Project 75.
2. Follow on of 1135.6 Frigates.
3. Acquisition of Ex-Gorshkov.
4. LPD Jalashwa along with 6 UH3H Helicopters.
5. Construction of Off Shore Patrol Vessels and Fast Attack Crafts.
6. Construction of six Survey Vessels.
7. Acquisition of Dornier Aircraft.
8. Acquisition of MiG 29K aircraft for Vikramaditya.
9. Sea Harrier Upgrade.
10. Barak, KLUB and LRSAM missiles.
11. Armament and Repair Facility.
12. Construction of Indigenous Aircraft Carrier also commenced during this Plan period.

5.8 The Committee was further informed about the carry-over schemes of 10th Plan to 11th Plans :

1. Construction of Mine Counter Measure Vessels.
2. Maritime Reconnaissance Aircraft.
3. Multi Role Helicopters.
4. Fleet Tanker.

5.9 The thrust areas of the 11th Defence Plan for Navy are as follows :-

1. Induction of aviation assets is a key thrust area to address capability gap in Maritime Surveillance and Anti Submarine Warfare.
2. Augmentation of Capital Platforms for a balanced force structure and sea lift capability.
3. Induction of adequate Mine Counter Measures Platforms.
4. Induction of Submarines and Tube Launched Land Attack Missile Capability.
5. Space Based Technology and Network Centric Operations.
6. Invigorate special operations.
7. Induct force multipliers.
8. Pursue major ongoing infrastructure projects.
9. Augment repair and maintenance infrastructure
10. Provide further impetus to indigenisation.

Maritime surveillance of Indian Navy

5.10 When asked about the efforts being made by the Ministry to complete the ongoing work of ten fast attack craft being built at Garden Reach Shipbuilders and Engineers (GRSE) and the present status, the Ministry in a written reply have stated :

“The delivery of the ten fast attack craft is scheduled commencing from 2008 till 2010. The construction is progressing on schedule.”

5.11 About the effective steps / measures taken by the Government to meet shortages of both short range as well as long range maritime surveillance aircraft, the Ministry in a written reply have stated :

“Upgrade of five IL38 aircraft is being progressed and two aircraft have arrived post Mid Life Upgrade. These upgraded aircraft would address some of the critical shortages in maritime surveillance and airborne anti submarine warfare. Further, Commercial Negotiation Committee(CNC) is in progress for acquisition of Long Range Maritime Reconnaissance aircraft.”

CONSTRUCTION OF ADMIRAL GORSHKOV AND AIR DEFENCE SHIP

5.12 During examination of Demands for Grants for the previous years, the Committee had been informed that after refitting, Admiral Gorshkov would to be procured from Russia by the end of 2008. The original cost of Admiral Gorshkov was Rs.4,882 crore. It has been stated that Russian side has reportedly indicated revision in time and cost due to 'Growth of Work' and that the matter is being examined.

5.13 Regarding the present status of procurement of Aircraft Carrier Admiral Gorshkov and the induction plan of Admiral Gorshkov, the Ministry of Defence in a written reply have stated :

"The proposals submitted by the Russian side are being examined. The process of examination of the scope and necessity for additional works has since been initiated. Proposed delivery schedule indicated by the Russian side for Ex-Admiral Gorshkov is 2012. This is being examined."

5.14 Regarding reasons for delay in procurement of Admiral Gorshkov from Russia, a representative of the Ministry of Defence, during oral evidence stated:-

"Sir, I will just explain this. When we had signed the contract in the year 2004, it was based on a certain scope of work which we could arrive at. This is a big ship, 45,000 tonnes.

Actually, when the work started, the Shipyard brought out various aspects of works which had not been costed earlier. This is something which is being discussed from the Russian side.

Basically, it is about ship repair and equipment and not ammunition.

It is in three different categories. One is the basic repair and re-equipping. There were a large number of equipment which was just meant to be repaired.

Some of the repair equipment is now being converted to buying a new one and replacing. So, part of that cost is there."

De-commissioning of INS Viraat had been scheduled for 2008.

5.15 In regard to availability of aircraft carrier and decommissioning of Viraat, the Ministry of Defence in a written reply have stated :

" No decision has been taken regarding decommissioning so far. INS Viraat would be operational till the likely induction of Ex-Admiral Gorshkov."

Construction of Air Defence Ship

5.16 Regarding the present status of construction of Air Defence ship (ADS) at Cochin Shipyard Limited, enhancing the features of ADS, the expected schedule of completion of ADS, present pace of progress and whether there will be time and cost overrun in construction of ADS, the Ministry of Defence in a written reply have stated :

“The basic design of the ship has been completed and detailed system design is in progress. Production of the ship has commenced. The construction of the ADS is progressing with the scheduled launch of the ship in 2010 at Cochin Shipyard Ltd. Delivery of the ship is likely after 2012.”

5.17 During the study visit of the Committee to Goa in February 2008, it was pointed out that none of the DPSUs has the infrastructure facilities to develop a Aircraft carrier. Only one of the DPSUs i.e. Cochin Shipyard Limited(CSL) has the facilities for construction of Air Defence ship. In this regard, when asked whether the Ministry of Defence have given any thought to extend the expertise of MDL, GSL and GRSE to Cochin Shipyard Limited to expedite the construction of Air Defence Ship and start the work of third Aircraft Carrier in the line of Air Defence Ship, the Ministry of Defence in a written reply have stated :

“None of the DPSUs MDL, GRSE or GSL have such a large Dry Dock or building dock for building the Aircraft Carrier which is about 62.5 Meters long. Cochin shipyard Ltd., under the Ministry of Shipping, has a large Dry Dock for building the ship. The expertise of Defence Shipyards is being utilized as and when required. For e.g. GSL would be supplying stern gear system to their Air Defence Ship.”

Authorised and existing force level of Navy

5.18 On being asked by the Committee about the authorized and existing force level of Navy in terms of Defence Civil Ship such as aircraft carrier, cruisers, destroyers, frigates, mine-weepers, survey ships store carrier, tankers, submarines and the steps taken to match with the authorized force level, the Ministry of Defence in a written reply have stated :

“Defence Acquisition Council (DAC) in March 2003 had directed that force level of the Navy should not fall below 140 ships and submarines. The Navy’s force levels have varied from 142 ships and submarines at the beginning of X Plan period to 135 ships and submarines in the end of the Plan period and the Navy’s strength as on date is 129 ships and submarines.”

Stealth frigate project (P-17) and destroyer (P-15A) project

5.19 Regarding the delivery schedule and the estimated cost of stealth frigate project (P-17) and destroyer (P-15A) project with Mazagon Dock Ltd. and the reasons for delay and the cost overrun thereon, the Ministry of Defence in a written reply have stated :

“The delivery schedule of Stealth Frigates (P-17) and destroyer(P-15A) are as follows:-

P -17 – Stealth Frigates - (Project Cost - Rs.8101 crores)

Yard Nos.	Original Schedule	Revised Schedule	Delay
12617	30.09.2008	31.12.2008	3 months
12627	31.05.2009	31.08.2009	3 months
12637	31.12.2009	31.03.2010	3 months

P-15A Destroyer - (Project Cost – Rs.11,662 crores)

Yard No.	Delivery Schedule
12701	May, 2010
12702	May, 2011
12703	May, 2012

P-17

Time overrun: The major reasons for delay are:

- a) Initial estimates for build period was based on past ships.
- b) Many “Firsts” e.g. D-408, APMS, AISDM & IMCS, Stealth features placing stringent demands on equipment and fittings.
- c) Changes in weapon package and consequential effects on documentation and drawings.
- d) Finalisation of Power supply system and Energy Distribution Centres delayed due to change in weapon package.
- e) Delay in ordering of Barak/AMDR and consequential hold up of structural modifications and preparation of outfitting.
- f) Delay in delivery of Russian weapons and sensors.
- g) Non-performance of vendors, especially indigenous, supplying Cu Ni flanges, Pipe fittings, valves, cabling, steering gear & Stabiliser.
- h) The construction schedule is progressing concurrently with the evolving design resulting in various modifications and consequential rework.
- i) Delay in supply of critical hull equipment e.g. Accommodation Ladder, Boad Davits, Hydophore tanks, 60 KVA Converter etc.

- j) Repeated modification of inputs w.r.t Kavach, AK 630, Modular accommodation.
- k) Delay in supply of vent fittings and considerable rework resulting from oversized GT/WT flap valves.
- l) Failure of vendor in mobilizing and maintaining desired pace of work in underlay of compartment.
- m) The Propulsion System is first of its type in the world, comprising of LM 2500 Gas Turbines from GE(USA)/HAL, Diesel Engines from Pielstick (France)/KOEL, Gear Box from Rend(Germany)/Elecon and shafting system from WLD(Holland)/GSL and integrated by Converteam(France).

Cost over-run

There is no cost over-run from the estimated cost of Rs.8101 crores.

P15A

Time over-run: The delivery is likely to be delayed due to:

- a) Late receipt of shafting and propeller system equipment from Russia.
- b) Non-receipt of offer for Gun Mounting from Russia.
- c) Delay in finalizing ACS and CMS systems.

There is no cost over run as of now.”

5.20 When asked whether the delay in the project 17 & 15 at MDL and construction of Scorpene Submarine at MDL have further delayed Navy's Plan to order three more destroyers under 'Project 15 B' as well as four more frigates under "Project NA" in the next stage, the Ministry in their written reply have stated :

“MDL is at present undertaking the construction of Project 17 and Project 15 ships as well as the Scorpene submarines. The shipyard has proposed that the hull fabrication capacity which will become available on completion of hull construction of the Project 15A destroyers can be utilised for the Project 15B follow on destroyers. Preparatory work for progressing with the Project 15B and Project 17A cases is underway.”

Shortages of Manpower

5.21 When asked about the sanctioned and existing force level of Indian Navy and whether it is sufficient to meet the operational requirements, the Ministry of Defence in a written reply have stated :

“Sanctioned strength for officers is 8,917 and sailors is 51,313. Existing force strength of officers is 75,14 and sailors is 47,484. However, despite the shortages, the operational requirements are being met from within the available manpower. Attempts are being made to overcome current shortages with gradual induction of personnel undergoing ab-initio training.”

5.22 Regarding the shortages in the Navy in terms of officers, sailors, ships, aircraft equipments, etc., the Ministry in a written reply have stated :

“Shortages are as follows:-

Officers – 1403

Sailors – 3829

The Navy presently has 129 ships and submarines as against the current intended force level of 162 ships and submarines. Indian Navy has 67 aircraft and 127 helicopters.”

5.23 On being asked by the Committee about the performance of women in the non-combatant branches and proposal to induct them in the combatant forces, the Ministry of Defence in a written reply have stated :

“The performance of women officers in the non-combatant branches in the Navy has been satisfactory. The proposal regarding their induction in the combatant forces was comprehensively examined by the Study Group constituted by the COSC on ‘Women in the Armed Forces – The Way Ahead’ in 2006, which has recommended that ‘close combat roles where chances of physical contact with the enemy are high, be excluded for the present’.”

Upgradation of training curriculum and infrastructure

5.24 Regarding the global environment for upgradation of training for changing security scenario, he further added:

“In the Navy, the Southern Naval Command is the training command. This is a continuous process. They keep looking at as to what is happening globally. Sometimes, their officers are deputed to interact with their counterparts abroad who are involved in training.”

5.25 On upgradation of training curriculum, the representative of the Ministry of Defence apprised the Committee during the oral evidence as under:-

“We have a system of feedback at different levels. There is a trainee-feedback and there is an establishment feedback. Once a year, we have annual training conference which is at a very high level. They review the methodology by which things are happening and approve the major issues that are to be changed whether it pertains to curriculum or it pertains to equipment. It is a one constant process which is going on. We have a training command which review all the inputs.”

5.26 During the study visit of the Committee to Naval Academy, INS, Madavi, during the month of February, 2008, it was observed that the curriculum break down of Naval Academy is 64% on academics and 17% on service subjects and for Naval orientation course, the service subjects is 71%.

Joint Staff

5.27 Commencing from 2002-03, provision under this head is being made for meeting expenditure on HQ Integrated Defence Staff and associated structure except that chargeable to capital, which is provided for under Major Head 4076 – Capital Outlay on Defence Services.

Based on the recommendations of Group of Ministers on Jointness in the services, the HQ Integrated Defence staff was formed in October, 2001.

HQ Integrated Defence staff is headed by Chief of Integrated Defence staff to the Chairman, Chiefs of Staff Committee and it supports the Chairman and Chiefs of Staff Committee in optimal performance of their roles and functions. Necessary mechanism is in place in the form of Chiefs of Staff Committee to ensure joint planning and execution of war. Intelligence is being shared by the Defence Intelligence Agency with the three Services regularly. Information is also shared by them with JIC and IB, who further communicate it to the state police forces. The vision of Joint staff is to act as the Point Organisation for Jointness in Ministry of Defence which integrates policy, warfighting, doctrine and procurement by employing Best Management Practices.

5.28 During the presentation before the Committee, a representative of the Ministry of Defence, furnished the following information regarding Joint staff budget during the last five years:-

Year	Revenue	Capital	Total	Remarks
2003-04	350.51 (59.77%)	235.98 (40.23%)	586.49	HQ IDS, HQ ANC, DIPAC, ADGSI & SFC
2004-05	350.51 (54.84%)	288.59 (45.16%)	639.10	-
2005-06	424.55 (48.82%)	445.07 (51.18%)	869.62	NDA, CDM & DSSC
2006-07	374.55 (51.42%)	353.84 (48.58%)	728.39	DSCC
2007-08	519.94 (64.30%)	288.67 (35.70%)	808.60	-

5.29 The allocation of funds for the years 2007-08 and 2008-09 are as under:-

	BE 2007-08	RE 2007-08	BE 2008-09
Revenue	459.18	519.93	489.03
Capital	320.67	288.67	358.65
Total	779.85	808.60	847.68

5.30 In a presentation during the evidence before the Committee on projections of allocation for Joint Staff for Eleventh Plan, a representative of the Ministry submitted as under:-

“We are making projections for requirement and allocation. The issue that we will resolve in a major way is this. These are not going to have major impact. But our budget is very small.”

5.31 The Committee have been informed that in the unified command, decision making on important issues like acquisition of land, accommodation etc. are still vested with the respective Service Head. When asked about the suggestions of the Ministry of Defence to make the unified command more effective, the Ministry of Defence in their written replies have stated:-

“It is correctly stated that all decision making on important issues like acquisition of land, accommodation etc are vested with Service Headquarters. Efforts are underway to make unified command more effective.”

5.32 The details of achievements made by the Joint Staff is as under:-

- (i) Setting up of Joint Committees
- (ii) Formulation of Joint Doctrines
- (iii) Defence Space Vision 2020
- (iv) Formulation of LTIPP (2002-2017)
- (v) Procurement Procedure – Refinement of DPP-2006
- (vi) Synchronization of Services 11th Defence Plan with the DRDO Plan- Forwarded to DRDO in May 2007
- (vii) Joint Intelligence Assessment – Shared with JIC and Three Services
- (viii) Joint Exercises and Seminars (Multinational & Tri-Service)
- (ix) Review of Syllabi at Tri-Service Institutes
- (x) Setting up of Board of Officers for Armed Forces Training Institutes
- (xi) Establishment of INDU
- (xii) Disaster Management – Handled by HQ IDS and Coordinated by Disaster Crisis Management Group (DCMG)
- (xiii) Establishment of Centre for Joint Warfare Studies (CENJOWS)- August, 2007
- (xiv) Purple Pages (November 2006, February 2007, November 2007) – Fourth Edition Under Preparation
- (xv) Studies Under Progress.

CHAPTER VI

AIR FORCE

Out of the total Defence budget of Rs.1,05,600 crores for 2008-09, the percentage share of Air Force is 28.53 percent i.e., Rs.30,127 crore. As per the Budget Estimates of 2008-09, the revenue expenditure of Air Force is Rs. 10,856 crores which forms 18.85% of total revenue expenditure of defence budget, whereas the capital expenditure is Rs. 19,271 crores which forms 40.14% of total capital expenditure. The percentage increase of revenue budget of current year over Budget Estimate for 2007-08 has been 6.5% (from Rs.10,193 crores to Rs.10,856 crores) while that of capital budget, it is 14.51% (from Rs.16,828.73 crores to Rs.19,271.42 crores). In the over all Indian Air Force budget 2008-08, capital forms 64% while revenue constitutes 36%. In the capital budget of Indian Air Force, 95% of it (Rs.18,281 crores) is allotted to modernization and remaining 5% (Rs 990 crores) is allotted to land, works and special projects.

6.2 The allocation for Indian Air Force during the last two years is as follows: -

Head	Amount (in Rs. Crores)
Budget Estimates 2007-08	27022
Revised Estimates 2007-08	24683
Budget Estimates 2008-09	30127

6.3 The major development thrust areas of Indian Air Force as furnished by the Ministry of Defence, are as follows: -

- (a) Sustaining combat Force levels.
- (b) Upgradation and modernization of combat and support squadrons.
- (c) Increased surveillance and automation of Air Defence (AWACS, AEROSTATS & RADARS).
- (d) Precision guided munitions (PGMs), UAVs & EW systems.
- (e) Replacement of vintage SAM systems
- (f) Enhancement of strategic reach (FRAs, Buddy Refueling Pods)
- (g) Development of network centric operations capability
- (h) Modernization of airfields & infrastructures
- (i) Focus on training, simulators and development of HR

Induction of Personnel

6.4 Excellent, dedicated and motivated manpower capable of shouldering responsibilities of national security is the need of the hour. In their Action Taken Reply to a recommendation in the Sixteenth Report of the Committee on Demands for Grants of the Ministry of Defence for the year 2007-08, the Ministry of Defence had stated that the requirements of additional posts arising in future will be projected to the government for further sanctions. It has also been stated that the already sanctioned 12,676 posts, which includes 1425 Officers, 11022 Airmen, 197 non-commissioned officer and 32 civilian posts, thereby increasing the total Air Force cadre to 1,86,824 personal will meet the required minimum level of personnel considering the force structure of the Air Force. The same are being filled in a phased manner. The Ministry in another action taken reply to a recommendation in the Sixteenth Report had stated that the requirement to sanction additional posts flows from the increase in force structure and / or operational responsibility. Since, induction of new weapons system 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.

6.5 In regard to shortage of Manpower in Air Force, the Ministry in a written reply that on 25 Oct 06, Government sanctioned 12,676 additional posts against accumulated cadre shortages in the IAF, which were to be filled up over a five year period.

6.6 The details of the year wise induction plan of additional 12,676 posts are given below: -

Year	Officers	Airmen	NCs(E)	Civilians	Total
2007	125	1795	197	32	2149
2008	250	3000	0	0	3250
2009	350	3000	0	0	3350
2010	350	2000	0	0	2350
2011	350	1227	0	0	1577
Total	1425	11022	197	32	12676

Procurement and Upgradation Plans

6.7 During the examination of Demands for Grants 2005-06, 2006-07 and 2007-08, the Committee had expressed concern over the continuously depleting strength of squadrons and had stressed on the need to maintain the required number of squadrons by way of indigenisation and simplification of acquisition procedure. When asked about the present position of the squadrons in Air Force, it was submitted as under: -

“The force level in terms of aircraft, helicopters and squadron strength during Tenth Plan was not at the required levels. The major constraint was and is that the strength of combat Squadrons has steadily deteriorated and presently stands at 33 combat Squadrons against the Government authorized levels of 39.5 Squadrons.”

6.8 A representative of Air Force stated in this regard during oral evidence: -

“As of last year, if you recall, our force level was down to 32 squadrons. If no action was to have been taken by us as a Government, this would continue to go down to a sliding scale of 20.5 squadrons by the end of 2022. Therefore, we have put a plan into motion and we have plan to induct, six squadrons, that goes up to 26.5. Then we have also initiated the case for the MMRCA, that will increase our levels to 32.5. Finally, we have entered into a Government agreement which is signed with Russia last year in November and that will take us to 42 squadrons with the fifth generation fighter aircraft.

I am happy to report to you today itself that as of this day, as of 1st April, 2008, from 32 squadrons we have gone up to 34 squadrons. We have inducted a new Su-30 squadron in Bareilly that is number eight squadron. Today itself the papers have been cleared and we have formed an additional Jaguar squadron at Jamnagar. So, this would constitute the 34th squadron. Of course, the phase outs would also take place concurrently. But with this new strategy in place, we are very confident that with the necessary budgetary provisions being given by the Government and the utilization by the Air Force we would be able to meet our target of 35.5 squadrons by the end of the Eleventh Five-Year Plan and thereafter progress towards 37.5 squadrons by the end of the 12th Plan.”

6.9 The Ministry of Defence in reply to an Unstarred Question No. 1720 dated 29th August, 2007 in Lok Sabha had informed that purchasing of 126 medium multi role combat Aircraft by Indian Air Force had been delayed as it involved complex issues relating to transfer of technology, maintainability aspects product support, determination of selection criteria, etc. which required detailed consultation with different authorities. When asked about the present status, the Ministry of Defence submitted in a written reply as under: -

“The Request For Proposal (RFP) for procurement of 126 Medium Role Combat Aircraft for the Air Force was issued on 27th August, 2007 and responses to the

RFP are to be submitted by the vendors by 28th April, 2008. No agreement has been signed as yet. The Akash Missile System is a Surface to Air Missile (SAM) system. IAF is in the process of acquiring two squadrons of the systems by 2011.”

Modernisation of Airfields

6.10 In reply to a query about the modernisation of airfields including the North-Eastern part of India and combat force, a representative of the Ministry of Defence, during evidence before the Committee, stated as under: -

“There are a total of 56 airfields; 30 airfields will be modernized in the first phase and 26 will be going into second phase. The bids are going to come in some time in the middle of this year.”

6.11 Clarifying the position about North-East region, the Defence Secretary stated as under: -

“For the North East, there are some, what are called, advanced standing grounds which were created earlier. Some of them are now under the management of the State Government, In fact, you may recall that when the Prime Minister visited Arunachal, he had actually made a statement that four or five of these will now be developed by us and they will be Ministry of Defence’s airfields because the State Government was not really able to keep them up. It did not have the funds. We certainly do require them from our strategic point of view. They are actually not in very good condition. I am told they use metal sheets on them while operating. Those have to be strengthened and extended, and we are going to the Cabinet shortly with the request for funding on that.”

6.12 In reply to a question, the Ministry of Defence have stated as under: -

“The Indian Air Force has 11 airfields in the North Eastern part of the country including West Bengal. Review of units is carried out based on operational requirements and threat perception from time to time and is a continuous process.”

CHAPTER VII

ORDNANCE FACTORIES

Indian Ordnance Factories is the oldest and largest industrial setup which functions under the Department of Defence Production of the Ministry of Defence. The Ordnance Factories form an integrated base for indigenous production of defence hardware and equipment, with the primary objective of self reliance in equipping the armed forces with state of the art battlefield equipments.

7.2 In reply to question regarding increase in the budget of Ordnance Factories from RE 2007-08 over BE of 2007-08, the Ministry supplied the following information:-

“Defence Ordnance Factories is the difference of expenditure of OFB for manufacture of arms, ammunition, vehicles and other equipment etc in revenue heads and recoveries for supplies made to Defence Forces. The details of expenditure & recoveries are as under

(Rs. in crore)

	BE 2007-08	RE 2007-08
Total Expenditure of OFB in revenue heads	7637.58	7248.37
Expenditure booked against budget of Armed Forces (Recoveries)	6445.06	5861.62
Total Demand for OFB	1192.52	1386.75

At RE stage, set back in production of T-90, MBT Arjun tank etc led to downward revision of issues to Defence Forces. Matching reduction in expenditure was not feasible due to advance payment for product support from Original Equipment Manufacturers (OEM).”

7.3 On the financial strength of Ordnance Factories, the representatives of Ordnance Factories informed as under:-

“We are not dependent; we are returning money to the Government. We do not need any support from the Government.”

7.4 On the reason of providing budgetary support despite having profits, a representative of Ministry of Defence stated as under:-

“We have to have a major modernisation programme, for the opening of new factories, we need assistance from the Government. So far, what has been done is that whatever surpluses, we are generating, which is indicated, we are utilizing it for modernisation. But if we want to have a quantum jump in modernisation etc.,

then perhaps certain additional funds would be required.....We would keep in mind what you said. It is because currently, the system is that whatever surplus they are generating is given as a negative thing”

7.5 On being enquired about group-wise modernisation plan and technical audit, a representative of Ordnance Factories informed as under:-

“As far as technical audit is concerned, it is by the Board.”

7.6 On corporatisation of Ordnance Factories, a representative of Ordnance Factories further stated:-

“As far as giving flexibility to ordnance factories is concerned, the Department of Defence Production is already working under a definite scheme.....we are already going in for commercial accounting. That has already been approved by the Ministry of Finance. We have already got a format and we will start commercial accounting.”

7.7 The Secretary, Defence Production during oral evidence on above matter further added:-

“The thing is that within the Ordnance Factory Board structure, how we can improve the performance like by doing technical audit, performance like by doing technical audit, performance audit, commercial accounting are the various suggestions that are there. We should have a look at all those issues.”

7.8 During oral evidence of the representatives of Ministry of Finance, the Committee desired to know the role of Ministry of Finance in corporatisation of Ordnance Factories, Secretary, Expenditure informed:-

“We understand that the Ministry of Defence has still not taken a view on corporatisation. But as far as the Department of Expenditure is concerned, they had been informed that the Department of Expenditure does not have any objection of having it as a Central Public Sector Undertaking in order to give it more flexibility.”

7.9 When asked, whether the Ordnance Factories are authorized by the Ministry of Defence to go for the joint venture with private or foreign corporations and DPSUs, the Secretary, Defence Production stated:-

“The Defence PSUs have no problem on that front. But, the Ordnance Factories the way they are structured, they are on part of Government Department and this is one area that we are looking at as to how these joint ventures can be developed with individual factories of Ordnance Factory Board as a whole.”

CHAPTER VIII

DEFENCE RESEARCH AND DEVELOPMENT

Defence Research and Development Organisation (DRDO) was formed in 1958 with an objective to build up capability to make improvements in the existing weapon systems and to other imported equipment. Later on, in 70s it was involved in development of armaments and ammunitions. During 80s, thrust was given to major programmes like development of guided missiles, electronic warfare systems, aircraft, communications systems, etc. These programmes give a new impetus to multiple design and technology centres resulting in production of weapon system during 90s. The Department of Defence Research and Development came into existence in 1980. Now the DRDO has emerged as one of the premier scientific and technological organisation in the country with a mission to design, develop and lead to production of state-of-art weapon systems, platforms and allied equipment. It also provides combat support for meeting the current requirements of the Armed Forces. The organisation is fully dedicated towards progressive enhancement of self-reliance in defence systems, in state-of-the-art technologies, and R&D infrastructure and capability of the country. It has vision to promote the corporate strength and to make the country independent of foreign technologies in critical spheres.

8.2 During the presentation made before the Committee, a representative of the Ministry submitted the following information: -

“This year total budget of Research and Development Organisation is Rs.6,486.35 crores, which is 6.14% of the total budget of Ministry of Defence which stands at Rs.1,05,600 crores.

The total allocation (revenue expenditure) made to Research and Development Organisation in Budget Estimate was Rs.3,393.59 crores whereas capital expenditure for the same period was Rs.3,092.76 crores.”

8.3 According to the Ministry of Defence, defence PSUs are not provided any budgetary support from the Defence Services Estimates. Budgetary allocation is also not made to the Services separately for Research & Development work, which is primarily undertaken by the Defence Research & Development Organization, except for very minor research and development projects.”

8.4 On being enquired about the percentage of R & D Budget to the overall Defence Budget during the last five years, the Ministry of Defence, in a written reply furnished information, based on actuals, as follows:

(Rs in crores)

Year	Defence R&D Budget	Total Defence Budget	Percentage of Defence R&D Budget to Total Budget
2002-03	3008.11	55661.83	5.40
2003-04	3443.18	60065.80	5.73
2004-05	3715.27	75855.92	4.90
2005-06	5283.36	80548.98	6.56
2006-07	5361.22	85494.64	6.27

8.5 When asked to furnish the projection made by the Ministry in regard to R & D Budget, actual allocation and expenditure in the 10th Defence Five Year Plan and during the first two years of 11th Five Year Plan, the Ministry of Defence, in a written reply submitted that:-

“The annual projections made by Defence R&D during the Tenth Plan period (2002-03 to 2006-07) amounted to Rs.23,288 crores against which total allocation made at the BE stage adds up to Rs.22,125 crores.

8.6 During the first two years of the current Plan, the projections made by Defence R&D and the allocations are as follows:

(Rs. in crores)

	Revenue Projection	Revenue Allocation	Capital Projection	Capital Allocation	Total Projection	Total Allocation
2007-08	3376.98	3186.47	3554.19	2700.75	6931.17	5887.22
2008-09	4186.59	3393.59	4336.29	3092.76	8522.88	6486.35

8.7 During the presentation before the Committee, the Ministry of Defence submitted the following information on R&D vs. Defence expenditure in respect of Budget Estimates of 2008-09: -

Revenue and Capital for 2008-09 (Rs in crores)

	R&D Expenditure	Defence Expenditure
Revenue	3,393 (5.89%)	57,593
Capital	3,093 (6.44%)	48,007
Total	6,486 (6.14%)	1,05,600

(Rs in crores)

	R&D Expenditure	Total
Budget Estimate 2007-08	5,887	96,000
Revised Estimate 2007-08	5,897	92,500
Budget Estimate 2008-09	6,486	10,5,600

8.8 The actual utilization of funds by Defence R&D during 2005-06 and 2006-07 was as follows: -

(Rs in crores)

Year	Budget Estimate	Revised Estimate	Actual	Shortfall
2005-06	5356	5331	5283	48
2006-07	5454	5457	5361	96

Light Combat Aircraft

8.9 The Ministry of Defence in their presentation, apprised the Committee that maiden flight from Limited Series Production (LSP 1) has been conducted. Further integration of Litening Pod, R-73 close combat missile and two 800 litres drop tanks (under wing station) has been completed. Besides, type approval certification has been issued for more than 60 indigenous products and indigenous small gas turbine engine for Lakshya. The Kaveri Marine Engine has also been demonstrated at 12 MW power. The representative of the Ministry of Defence, in their oral evidence before the Committee, stated as under: -

“The LCA programme is very crucial to our force levels. The development is proceeding on track. There have been some delays. By 2010 we hope to achieve the initial operation clearance on this aircraft and the first squadron forming up in 2011.”

8.10 On being enquired by the Committee about the scheduled date for delivery of 20 LCA from Hindustan Aeronautics Limited, the Ministry of Defence, in their written reply submitted as under: -

“The scheduled date of delivery of 20 LCA in Initial Operation Clearance configuration under the contract signed with Hindustan Aeronautics Limited in March 2006 is given below:

a)	LCA Fighter (07 aircraft)	-	T0+37 months to T0+49 months
	LCA Fighter (06 aircraft)	-	T0+50 months to T0+62 months
	LCA Fighter (03 aircraft)	-	T0+63 months to T0+69 months
b)	LCA Trainer (01 aircraft)	-	T0+37 months to T0+49 months
	LCA Trainer (02 aircraft)	-	T0+50 months to T0+62 months
	LCA Trainer (01 aircraft)	-	T0+63 months to T0+69 months
	T0	-	Effective date of contract.”

Arjun Tanks

8.11 The project for the design and development of Main Battle Tank (MBT) Arjun was approved by CCPA in its meeting held on 26 Mar 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 Armored Regiment of Army.

8.12 Army HQ placed an indent for 124 MBT Arjun on Ordnance Factory Board (OFB) in Mar 2000. The first 15 Nos. MBT Arjun are being produced as Limited Series Projection (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.

8.13 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 Jun 2006 which included the following: -

- (i) Assembly line
- (ii) Tools, fixture and material handling facilities
- (iii) Pre-fitment check facilities.

8.14 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.

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

8.16 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.

8.17 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.

8.18 During evidence before the Committee, a representative of the Army clarifying the position regarding performance of Arjun Tank submitted as under: -

“Sir, we have just carried out the trial in winter. The tanks have performed very poorly. There have been four engine failure so far. The tanks have done about 1,000 kilometre each. There has been a problem. The Defence Minister has been apprised by the Chief. I think, two or three days back, he has written a DO letter giving the exact position. So, a lot of improvements have to be done before the Army will be satisfied on the Arjun tank.”

Light Weight Systems

8.19 The Ministry of Defence in reply to an Unstarred Question Number 2347 dated 5 September, 2007 in Lok Sabha had informed that DRDO is formulating a project to equip the future soldiers with light weight systems.

8.20 When asked about the details of the project, date of initiation of the project, expenditure projected, allocation made and expenditure incurred thereon and the time schedule for the completion of the project, the Ministry of Defence submitted in a written reply as under:

“The proposal for undertaking a development project was submitted by DRDO to Army in Feb 2007 for their endorsement. However, Army has requested DRDO not to undertake any development activity on the project till their proposal is approved by MoD as per DPP 2006.”

CHAPTER IX

SIXTH PAY COMMISSION

SIXTH PAY COMMISSION RELATING TO ARMED FORCES

The Committee learnt there is the unrest among Armed Forces Personnel over the Sixth Pay Commission's Report submitted to Ministry of Finance. Some of the issues are given as under:-

1. **Military Service Pay:** Military Service Pay was intended to compensate Service Personnel for the intangible difficulties they experience during their service career. It should thus be exclusive and distinct for the Armed Forces. Since the Personnel Below Officers Rank (PBOR) face the greatest privations, they should get a relatively higher compensation, as recommended by the Services. Similarly, there is no justification for excluding Maj. Generals and Lt. Generals from this pay.
2. **Grade Pay:** Grade Pay for officers of rank of Brigadier and below have been brought down one grade, as Captain (Army) has been lowered from the STS to JTS level.
3. **Common Pay Scales :PBOR:** The Pay Commission has granted common pay scales to the three Services, thus meeting a long outstanding demand. However, the common pay scales would be beneficial only to those PBOR who have enrolled on or after 01 Jan 2006. For 90 per cent of in service PBOR this benefit is not available as they have been granted replacement scales based on existing scales thus maintaining the differential between the three Services.
Further, the pay scales of PBOR as existing today have been left unchanged. On the other hand, the pay scales of CPMF have been upgraded. The civilians have also been provided a fixation formula for new recruits 2.2.22 (iv) (d) of the report. No such fixation formula is propounded for PBOR. Due to this a new recruit PBOR will be fixed at the start of Pay band-1 scale. This makes the pay of a new recruit PBOR less than of a Constable of CPMF as on 01 Jan 06 by Rs. 888/-. As and when MSP of Rs. 1000/- is sanctioned, this will become a benefit to PBOR amounting to Rs. 1/- as against Rs. 200/- edge enjoyed by the PBOR presently.
4. **Parity: Defence Services and PMF.** Parity needs to be established in the determination of 'Y' Group scales as in its present context PBOR of the Services would fall below their counterparts in the CPMF and Coast Guard.
5. **Lt. Gen Pay Scale.** Lt. Generals superannuating at the top of the scale have been lowered to a middle position in their scales, resulting in a wide gap between Lt. Generals and Army Commanders that did not exist earlier. This also impacts adversely on the pension of these officers and parity needs to be restored.
6. **One Rank One Pension.** One – rank-one pension norm needs to be taken into account for Service pensioners, who have been placed in a disadvantageous position, since 50 % MSP has not been taken into account. This has resulted in a fall back on the one rank one pension norm.

PART – II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

Application of criteria for security classification

The Committee had desired information regarding targets and achievement of projects under implementation and of production performance, which pertain to Ordnance Factories, etc. in connection with examination of their Demands for Grants. The desired information was not forthcoming and no reasons had been advanced for denial of the information. The Committee wonder whether denial of the information was on consideration of national security. The Committee are of the view that disclosure of such information may in no way endanger the national security and cannot fall under the classified category especially when there is a move for corporatisation of the Ordnance Factories. The Committee feel that it is high time that a thorough review is undertaken to see whether the criteria for security classification have been applied properly and with due diligence in all matters handled by the Ministry of Defence and the organizations under its control. This is all the more necessary in the context of accountability to Parliament and in the context of the Right to Information Act. The Committee would like to be apprised of the outcome of the review.

Outcome budget

2. Outcome budget is presented to Parliament by each Ministry in terms of the guidelines issued by the Ministry of Finance O.M. dated 12th December, 2006. The outcome budget broadly indicates physical dimension of the financial budgets indicating the actual performance during the preceding year, performance in the first 9 months in the current year and the targeted performance during the succeeding year. The Committee note that the Ministry of Defence have been exempted from presentation of outcome budget. However, even the Ministries exempted from preparation of outcome budget have been required to carry out the exercise for internal use and voluntarily deciding to place it in public domain fully

or partially. The Defence Secretary has gone on record in this regard stating that the Defence Ministry has been trying to do it and develop infrastructure ever since the Ministry of Finance issued instructions in this regard. He has also promised to do the outcome budget for certain areas. The Committee would await the outcome budget of the Ministry of Defence and expect that the same is presented to Parliament every year in terms of the Ministry of Finance guidelines.

Under utilization of allocation

3. It is observed from the data furnished by the Ministry of Defence for the years from 2002-03 onwards that the overall budgetary allocation to Defence Services has invariably been revised downwards every year and the Defence Forces could not fully utilize even the reduced allocation. The shortfall in utilization by the Defence Services ranges from Rs. 234 crore to Rs. 1151 crore during the period from 2002-03 to 2006-07. Without going into the causes for the recurring under utilization, the Committee feel that there is a need to make realistic projections of fund requirements by the Defence Forces keeping in view all relevant factors.

11th Defence Five Years Plan

4. The Committee regret to note that even after lapse of two years after commencement of 11th Defence Five Year Plan, the Plan proposals have not been finalized yet. The Committee are given to understand that the Ministry of Defence are not satisfied with the allocation indicated by the Ministry of Finance in March, 2007. It has been stated that the matter has been taken up by the Raskha Mantri with Prime Minister and Finance Minister for reconsideration of the plan proposals. The Committee hope that the matter will be finalized at the earliest to enable the Ministry of Defence to plan their finance and acquisition without any further delay.

Extent of indigenisation in Defence Acquisition

5. The Committee are distressed to note that even two years after implementation of Defence Procurement Policy, 2006, the schemes under "Make" category of DPP are yet to be fully identified and the indigenisation components in

Defence Acquisition yet to be quantified. The Committee urge that the task be completed expeditiously and the Committee be informed of the extent of indigenisation in Defence Acquisition after implementation of DPP. It appears from the information furnished by the Ministry of Defence that no assessment has so far been made to see whether DPP-2006 has achieved its intended objectives after its introduction in July, 2006. The Committee would like the Ministry to undertake an overall assessment under “Make” category and Raksha Udyog Ratnas and the Committee be apprised of the assessment.

6. The Committee desire that DPP should provide for an in-built provision in the agreements with suppliers for automatic transfer of upgraded technology without the liability of additional royalty payments. There should be similar requirement in the Request for Proposals also.

Creation of Non-Lapsable Defence Modernization Fund

7. Keeping in view the large scale surrender of Fund allocated for Capital Acquisition since 2004-05, and the long gestation period for Defence Acquisition, the Committee in their earlier reports on Demands for Grants had recommended that a Non-Lapsable Defence Modernization Fund should be created. The Committee are disappointed to note that the Ministry of Defence have not done anything in this regard. The Committee desire that the question of creation of Defence Modernization Fund should be reconsidered for early action.

Curbing of wasteful expenditure

8. A number of areas involving the Defence Services as a whole where optimization of Defence resources could be achieved has been identified by the Headquarter Integrated Defence Staff in pursuance of the Committee’s earlier recommendation. These include Tri Service Institutes, Long-term deals, Transfer of technology, Life long support to major systems, Maintenance of Reserves and Exploitation of IT revolution. The Committee feel that there is scope for optimization in expenditure in other areas such as land acquisition, trial of equipments, joint exercises, closure of Military Farms as per the study of Ministry

of Defence and CAG audit report of March, 2005 etc. Now, that the areas for optimization of expenditure have been identified, the Committee desire that action should be taken to curb avoidable duplication of expenditure and quantify the savings so made to assess the outcome of the exercise. The Committee desire that the action taken in this regard be intimated to them.

Armed Forces Tribunal

9. An allocation of Rs. 6.09 crore has been made during 2008-09 for Armed Forces Tribunal, which will reportedly start functioning in the middle of 2008-09. The Committee hope that the Tribunal will commence functioning in July, 2008 as scheduled and render justice to the Service personnel speedily. The Committee would like to be apprised of the progress made by the Government in this regard.

10. The Committee learn that annual leave available to service personnel get exhausted in performing the accumulated family responsibilities and they do not have time for recreation for their family. One of the reasons for stress among the Jawans is stated to be inadequacy of leave. Therefore, the Committee suggest that desirability of providing additional 15 days leave to Armed Forces Personnel while availing LTC should be examined for implementation.

Force level of Coast Guard

11. The Committee note that as against the assessed requirement of 154 ships, 93 boats and 105 aircraft for Coast Guard, the existing strength is just 43 ships, 45 aircraft/helicopter, 18 boats/crafts and 23 non-commissioned boats/crafts in its fleet. It has also been stated that there is capabilities gap in the surface surveillance, shallow water operations and Aerial surveillance. Against this backdrop, the Committee feel that the budgetary allocation for this organization should be enhanced sufficiently at RE stage to enable the Coast Guard to meet its immediate requirements.

Monitoring of disbursement of money for rehabilitation by Defence Estate Officer

12. The Committee do not agree with the reply of the Ministry of Defence that Defence Estate Officer (DEO) has no role in controlling the flow of funds, once these are placed at the disposal of the collectors of the concerned districts. Comptroller and Auditor General of India has rightly pointed out that failure of the DEO to monitor the disbursement of compensation to the farmers resulted in mis-utilization of Defence Funds by the State Government. The Committee strongly recommend that a mechanism should be evolved to ensure that the Defence Estate Officer plays an effective and pro-active role in monitoring the funds disbursed to the displaced families. The Committee feel that it is the responsibility of DEO to obtain utilization certificate from State Governments with regard to the funds placed at their disposal.

Welfare of Ex-Servicemen

13. There are at present over 20 Lakh ex-servicemen and around 4.67 Lakh widows registered with the Directorate General of Resettlement (DGR). During the year 2007, the DGR could find placement for over 65,000 ex-servicemen. The Committee in this connection note the proposal for lateral shift of Defence Forces personnel to the Central Para Military Organisations. It appears that the Ministry of Home Affairs have some reservations on implementation of the proposal. The Committee note that the concerns of the Ministry of Home Affairs have been addressed by the Sixth Pay Commission in their report submitted recently. The Committee feel that the recommendation made by the Sixth Pay Commission for lateral entry of service personnel in para military forces merits serious consideration. The Committee also feel that there is a need to enhance to 25 per cent the quota for Ex-servicemen in all State Police Forces. The Ministry of Home Affairs should examine the matter in consultation with State Governments and apprise the Committee of the outcome.

14. The Committee note that about 60,000 personnel retire from Army every year and not all of them registered with Zila/District Sainik Boards due to some reason or other. The Committee suggest that a system should be evolved to ensure that all

retiring servicemen automatically get registered at DGR so that all ex-servicemen get the benefit of all schemes formulated for them.

15. The Committee are dismayed to learn that there has been wide disparity in cash grants given by the States to the gallantry award winners, which reportedly range from Rs. 20,000 to Rs. 20 Lakh. The Committee desire that there should be a measure of evenness in such grants and attempts should be made to evolve a policy in this regard in consultation with all State Governments, prescribing a minimum threshold limit for such grants.

Educational Facilities to Wards of Ex-Servicemen

16. The Committee note that Army Welfare Education Society awards scholarships to the wards of Army personnel through regimental funds and does not receive any funds from the Defence Budget. The Committee also note that PM's Merit Scholarship Scheme was started in academic year 2006-07 and 4000 scholarships are available every year for the wards of Ex-Servicemen. The Education Grant was also provided by Raksha Mantri Discretionary Fund for the wards of Ex-Servicemen. Considering the fact that approximately 60,000 service personnel retire every year, the Committee feel that the number of scholarships for just 4000 children is obviously inadequate. The Committee desire that instead of having different source of funds, the Ministry should consider creating a separate fund under Civil Budget of Ministry of Defence for providing scholarships to all needy children.

17. The Committee note from the reply of the Government that the Ministry of Defence have approached the Ministry of Human Resource Development for providing 5 per cent exclusive reservation for wards of Ex-Servicemen in all educational institutions. The Committee desire that the Ministry of Human Resource Development should consider this matter without loss of time to enable wards of Ex-Servicemen to avail of proposed benefits.

18. The Committee learn that revival and rejuvenation of entrepreneurial schemes i.e. SEMFEX II and SEMFEX III which are promoted by National Bank for Agriculture and Rural Development and Khadi and Village Industries is being worked out. The Committee would like to know the specific steps taken in this regard.

Ex-servicemen Contributory Health Scheme

19. There are issues about the age limit of dependent children availing the benefits of Ex-servicemen Contributory Health Scheme (ECHS), decline in the number of empanelled hospitals under ECHS due to reduction in rates and inability of vast number of ECHS beneficiaries to have access to hospitals situated at far of places etc. The Committee desire that there should be a poly-clinic of ECHS with full complement of staff or one recognized by ECHS at places where at least 500 Ex-Servicemen reside. The Committee also desire that in areas where there is no polyclinics or recognised hospitals, there should be a provision for covering the area by mobile dispensaries with modern facilities.

20. A high level committee headed by the Defence Secretary is reportedly looking into the whole gamut of issues relating to ECHS with a view to revamping the scheme. The Committee hope that the high level committee will complete its task early with a view to providing expeditious relief to ECHS beneficiaries.

Directorate General of Quality Assurance (DGQA)

21. Admittedly, defective items do reach the Armed Forces, inspite of stringent quality checks by the Directorate General of Quality Assurance (DGQA). The case in point is the supply of defective sleeping bags that came to surface recently. Although the Defence Secretary indicated that DGQA found that samples were faulty, the Committee would like to be apprised whether any consignment had reached the Armed Forces before or after DGQA completed its checks. The Committee hardly need to emphasize that supply of sub-standard items may affect not only the morale of soldiers but may also endanger their lives and security of the nation.

22. The Committee in this connection note that in respect of 58 manufacturers for whom DGQA have granted product specific self-certification, DGQA restricts itself to process/quality audits. It is not clear whether the supply of defective sleeping bags was from any of the self-certification firms. The Committee desire that the matter should be enquired into with a view to fixing responsibility. The Committee feel that there is a need to progressively increase the award of self-certification status to quality conscious firms which have demonstrated consistent product quality.

Sainik Schools

23. Though removing regional imbalances in the officers' cadre of the Armed Forces is one of the objectives of establishing Sainik Schools, the Committee find that not all States have a Sainik School. At present there are 22 Sainik Schools located in 20 States and 3 more have recently been sanctioned to cover 3 more States. The Committee suggest that there should be at least one Sainik School in each State and efforts must be directed towards achieving this.

24. The Committee are concerned by the rate of attrition at the officer level in the Defence Forces. Sainik Schools have played a unique role as a recruiting and training ground of future leaders of the Defence Forces. The data presented to the Committee reveal that Sainik Schools have contributed only 25 per cent of NDA intake during the last three years. The Committee received an impression after hearing some of the senior officers of the Armed Forces that no efforts have been made to improve the administration of Sainik Schools which ail from a variety of maladies. The problems faced by these schools reportedly include poor quality of principals/teachers, shortcomings in curriculum, inadequacies in infrastructure, deficiencies in administration, mismatch in selection criteria, shortage of funds, lack of authority of the Central Government. All this calls for a critical review of the working of Sainik Schools. The Committee desire that the entire gamut of these issues should be gone into by a high level Committee and remedial steps taken in a time bound manner in order to ensure that Sainik Schools achieve their intended objectives.

25. The Committee feel that that funding of Sainik Schools should not be left to the mercy of the State Governments and desire that entire funding for all Sainik Schools should be made available by the Central Government on the pattern of Kendriya Vidyalayas.

National Cadet Corps (NCC)

26. The Committee are distressed to find that there are as many as 3,470 schools and 1,700 colleges in the waiting list to enroll their students in National Cadet Corps (NCC) due to limited sanctioned strength of 13 Lakh cadets. Girl cadets (1.89 Lakh) account for just 14.6 per cent of the total cadet strength. Considering the significant role played by NCC in providing the youth of the country opportunities for all round development, the Committee strongly recommend that the sanctioned strength of NCC should be sufficiently augmented with adequate funding to enable all schools/colleges in the waiting list and also those who like to enroll their students. It should also be ensured that strength of the girl cadets is raised to 33 per cent, as pleaded by NCC. Further, considering the civil nature of NCC's role, the Committee feel that it would be appropriate, if the expenditure for NCC is accounted for in the Civil budget of the Ministry of Defence rather than in the Defence Budget.

Poor quality of uniform

27. Incidentally, the Committee learn that the pre-stitched uniforms provided to soldiers are often discarded due to size misfit. The Committee desire that this issue be examined with a view to taking suitable corrective steps and the Committee be apprised of the action taken in this regard.

Maritime surveillance of Indian Navy

28. There has been shortage of both short range as well as long range maritime surveillance aircraft of Navy. The Committee note that two post Mid Life Upgrade aircraft have since arrived which would address some of the critical shortages in maritime surveillance and airborne anti-submarine warfare. Consideration by Commercial Negotiation Committee(CNC) is reportedly in progress for acquisition of Long Range Maritime Reconnaissance aircraft. Further, delivery of ten Fast Attack craft is scheduled to commence from 2008 till 2010 for maritime surveillance of Indian Navy. The Committee desire that it should be ensured that the above projects do not suffer any time and cost over run and the Long Range Maritime Reconnaissance aircraft acquired in a time-bound programme. The Committee would like to be apprised of the progress made and details of cost and schedule of delivery of above aircraft.

Construction of Admiral Gorshkov and Air Defence Ship

29. The Standing Committee on Defence had observed in one of their earlier reports that there was a need for minimum three aircraft carriers-one each for the Eastern and Western Coast and the third one to address the maintenance/repair needs of the other two carriers. The Committee regret to note that the only aircraft carrier with the Navy is the ageing INS Viraat, which was expected to be decommissioned in 2008. The Committee have now been informed that INS Viraat would be operational till the induction of Ex-Admiral Gorshkov from Russia whose delivery was initially scheduled for 2008, which is now expected in 2012. There is another ship under construction viz. Air Defence Ship (ADS) at Cochin Shipyard Limited, delivery of which is likely after 2012. It appears that in view of delivery schedule of both Gorshkov and Air Defence Ship being 2012 or after, Indian Navy has no alternative but to depend on the ageing INS Viraat for surveillance of the vast coastal area of the country. In the circumstances, keeping in view the future requirements, the need for going in for third aircraft carrier cannot be over emphasized.

Admiral Gorshkov has run into time and cost over run due to change in scope of work. The initial cost of the Gorshkov is stated to be Rs. 4,882 crore. The deal appears to have become *fait accompli* with little scope for effecting economy. The Committee desire the Ministry of Defence which is presently examining the proposed modifications in the deal to complete the task of examination expeditiously under intimation to the Committee. The Committee desire that revised agreement in this regard should have an inbuilt provision for automatic transfer of upgraded technology without the liability of additional royalty payment,

Authorised and existing force level of Navy

30. Defence Acquisition Council is stated to have directed Navy to maintain 140 ships/submarines as early as in March 2003. The Committee are concerned to note that Navy's strength as on date is much short of the required strength and presently has just 129 ships/submarines. The Committee feel that had there been proper planning and adequate funding, Navy would not have been in a difficult situation as it is today. The Committee would like to know the present acquisition plan of Navy and information as to how soon Navy is expected to attain the required number of fleet.

Stealth frigate project (P-17) and destroyer (P-15A) project

31. There is likely to be a delay of three months in the delivery of three Stealth Frigates on account of change in weapon package and finalisation of power supply system. There is also likely to be delay in delivery of Destroyer due to late receipt of shafting and propeller system and non-receipt of Gun Mounting. There would, however, be no cost over run due to the delay as of now. The Committee desire that efforts should be made to ensure that there is no further delay in the schedules of these projects and there is no cost escalation.

Shortages of manpower

32. It is observed from the information furnished by the Ministry of Defence that there is a shortage of 1,403 officers and 3,829 sailors in Navy. In the context of Navy's plan to induct various technologically intensive weapon systems during the 11th Defence Plan to address capability gap in maritime surveillance and anti-submarine warfare, the Committee stress that there should be special drive to induct adequate manpower to fill up the vacancies. The Committee would like to be apprised of the action taken in this regard. As regards the recruitment of sailors, the Committee are of the view that youth belonging to the coastal areas must be imparted pre-selection training, so as to exploit their potential and natural ability.

Upgradation of training curriculum and infrastructure

33. The Committee received an impression, having visited the Naval Academy-INS Madovi recently, that there is an imbalance in the curriculum with a load of 64 per cent on academies and 17 per cent on service subjects. The Committee suggest that there should be a fresh look at the curriculum to see whether the present scheme is ideal to suit the requirements of Navy.

Joint Staff

34. It appears that due to lack of authority and power, the Unified Command is not very effective and is not able to achieve its intended objectives. All decision making on important issues like acquisition of land, accommodation etc. are reportedly vested with the respective service headquarters. The Committee, therefore, recommend that the Unified Command be vested with adequate powers to discharge its responsibilities effectively. The Committee further recommend that the Ministry of Defence should pay attention to the following points:-

- (i) Early finalisation of revised LTIPP (2007-22)
- (ii) Evolving of a Joint Services doctrine and issue of joint directive to the Services.
- (iii) Integrated Modernization Plan of the three Services and Coast Guard and providing a Joint Budget for the same.

Induction of personnel

35. In October, 2006, the Government had sanctioned for Air Force 12,676 additional posts at different levels against accumulated cadre shortage which were to be filled up over a five year period. According to induction plan, 2149 personnel were to be recruited in the year 2007 and 3250 personnel in 2008. The Committee would like to know the extent of actual induction of personnel in 2007 and the prospects for recruitment of the projected level of personnel in 2008. It should be ensured that there is no let up in sustaining combat force level. The Committee desire that steps should also be taken to expand the infrastructure for training to accommodate enhanced number of personnel to meet the requirement of Air Force.

Procurement and Upgradation Plans

36. The Committee are seriously concerned to note the vastly depleted strength of squadrons in Air force. As against the authorized strength of 39.5 squadrons, there are at present just 32 squadrons. Although two more squadrons are reported to have been formed in the beginning of April 2008, there will also be concurrent phase outs. What irks the Committee most is that the strength of the squadrons is not expected to meet the authorized level even by the end of the 12th plan, not to speak of the 11th plan. The target is just 35.5 squadrons by the end of the 11th plan and 37.5 squadrons by the end of the 12th plan. Needless to point out that depleted Air Force is a serious risk to the National security. There is an imperative need to revise the acquisition target so as to meet the authorized strength at the shortest possible time frame. The Committee would await an action plan in this regard.

37. The Committee have been informed that Indian Air Force has planned to acquire 126 Medium Multi-Role Combat Aircraft (MMRCA) in respect of which Request for Proposal (RFP) is to be submitted by vendors by 28th April, 2008. It has been stated that the technical evaluation of MMRCA will be made in the second and third quarters of the year 2008 and the field evaluation trials in the first quarter of 2009. The Committee urge that on successful completion of trials, there should be no delay in acquisition of MMRCA.

Modernisation of Airfields

38. The Committee observe that modernization of all the 56 airfields is being taken up in two phases – 30 airfields in the first phase and 26 in the second phase. The Committee would like to be apprised of the time frame and cost involved in the two phases of modernisation and the number of airfields under the management of State Governments who are not able to upkeep them for want of funds. As Air Force requires the airfield from strategic point of view, the Committee stress that expeditious steps be taken to take over these airfields from the State Governments and to modernize them on priority basis. The Committee also stress that modernisation of airfields should be undertaken in a time bound manner and the Committee be apprised of the cost estimates of the above mentioned projects.

Ordnance Factories

39. The Committee in their Seventh and Twentieth Reports had, inter-alia, recommended that there should be greater autonomy and flexibility to Ordnance Factory Board in their functioning and management. The Committee had also recommended that gradually Ordnance Factories may be converted into DPSUs, so that they may have access to finances from market etc. The Committee are distressed to note that even two years after presentation of Seventh Report, Standard accounting system and technical audit by an independent agency have not been introduced in Ordnance Factories. The expenditure Secretary has conveyed that they have no objection in making Ordnance Factory a corporate body. It appears that the Ministry of Defence have not initiated any step in this regard. The Committee are of the view that in order to make Ordnance Factories a vibrant and efficient organisation, there is an urgent need to convert them into a company so that they have sufficient autonomy to select vendors and undertake joint ventures and to enhance their decision making powers in financial and R&D matters. In case any delay is envisaged in corporatising Ordnance Factories, the Committee desire that periodical technical audits and standard accounting system should atleast be introduced forthwith.

Funding for DRDO

40. Adequate funding is a pre-requisite for DRDO to play a significant role in progressive enhancement of self-reliance in critical sphere. The Committee deplore that the Defence R&D has been allocated just three-fourth of the projected demand during 2008-09. As against the projection of Rs. 8523 crore for 2008-09, DRDO has been allocated just Rs. 6487 crore with a shortfall of as much as Rs. 2036 crore (24%). The Committee find that Defence R&D has a record of healthy utilization of budgetary allocation. This is evident from the fact that the enhanced allocation made to Defence R&D at RE stage has almost entirely been utilized during 2005-06 and 2006-07. The Committee, therefore, are of the view that the Ministry of Defence should ensure that fund availability is not a constraint for DRDO to take up all its planned R&D activities. The Committee accordingly recommend that fund that might be demanded by Defence R&D at RE stage should be made available without fail.

41. The Committee also desire that there should be an arrangement for providing 100 per cent grant to R & D activities in selected private sector units.

42. The Committee while examining action taken notes received from the Ministry of Defence on recommendations contained in 14th Report on DRDO, had noted that an Independent Review Committee, under the Chairmanship of Dr. P. Rama Rao, was studying the issue of restructuring and autonomy for DRDO. The Committee would like to know the findings of the above Committee.

Light Combat Aircraft

43. The Light Combat Aircraft project is very crucial to our force levels. Sadly, there have been delays in achieving the initial operation clearance on this aircraft which is now expected by 2010 as against the original anticipation by 2008. Whatever be the reasons for delay, it should be ensured that there is no further slippage in realizing the initial operation clearance of Light Combat Aircraft.

Arjun Tanks

44. The Committee in their earlier reports had recommended that adequate number of Main Battle Tank - Arjun should be manufactured for induction into Indian Army. The Committee, however are startled to hear now from a representative of the Army that Arjun tanks have performed very poorly and a lot of improvements have to be made before the Army is satisfied on the Arjun tank. It is not clear why things went wrong with the Arjun tank. In any case, the causes for failure of Arjun tank should be identified without loss of time and necessary modifications carried out at the earliest so that the tank becomes acceptable to the Army. The Committee would like to be apprised of the schedule of manufacturing of Arjun Tank and its induction into the Services.

Light Weight Systems

45. The Committee observe from the information furnished by the Ministry of Defence that a development project submitted by Defence Research and Development Organisation to Army a year ago still remains pending clearance. The project is to equip soldiers with light weight systems in future. The Committee wonder why there is delay in this regard. The Committee desire that the project should be examined without any further delay and the outcome communicated to Defence Research and Development Organisation.

Sixth Pay Commission relating to Armed Forces

46. The Committee learn that in respect of existing PBOR on 01 January 2006 the fitment have been recommended to be at their existing pay. Due to this, the PBOR of same rank of different groups are reportedly getting fixed at different stages in the proposed revised pay band. Further, the pay-scales of Personnel Below Officers Rank (PBOR) as existing today is stated to have been left unchanged by the Sixth Pay Commission. On the other hand, the pay-scales of Central Para-Military Forces (CPMF) have reportedly been upgraded and even after paying Military Service Pay of Rs. 1000/-, a new recruit PBOR will get just Re. 1 more in comparison with constable of CPMF. The Committee express their serious concern over the issues arising out of 6th Pay Commission recommendations on the Armed Forces Personnel. The Committee understand that Armed Forces Personnel are not satisfied with the recommendations of 6th Pay Commission and some of the Officers have sought release from the services. Keeping in view, shortage of manpower already prevailing in Armed Forces, the Committee desire that Ministry of Finance should take urgent steps to redress the grievances of Armed Forces Personnel.

New Delhi;
9 April, 2008
20 Chaitra, 1930 (Saka)

BALASAHEB VIKHE PATIL,
Chairman,
Standing Committee on Defence.

ANNEXURE
(See para 4.29)

LOCATION OF SAINIK SCHOOLS

S.NO.	STATE	LOCATION	WHEN STARTED
1.	Maharashtra	Satara	23.06.1961
2.	Haryana	Kunjapura	03.07.1961
3.	Punjab	Kapurthala	08.07.1961
4.	Gujarat	Balachadi	08.07.1961
5.	Rajasthan	Chittorgarh	07.08.1961
6.	Andhra Pradesh	Korukonda	18.01.1962
7.	Kerala	Kazhakootam	26.01.1962
8.	West Bengal	Purulia	29.01.1962
9.	Orissa	Bhubaneswar	01.02.1962
10.	Tamil Nadu	Amaravathinagar	16.07.1962
11.	Madhya Pradesh	Rewa	20.07.1962
12.	Jharkhand	Tilaiya	16.09.1963
13.	Karnataka	Bijapur	16.09.1963
14.	Assam	Goalpara	12.11.1964
15.	Uttar Pradesh	Ghorakhal	21.03.1966
16.	Jammu & Kashmir	Nagrota	22.08.1970
17.	Manipur	Imphal	07.10.1971
18.	Himachal Pradesh	Sujanpur Tira	02.07.1978
19.	Bihar	Nalanda	12.10.2003
20.	Bihar	Gopalganj	12.10.2003
21.	Nagaland	Punglwa	12.05.2007
22.	Karnataka	Kodagu	18.10.2007

APPENDICES

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

The Committee sat on Monday, the 24th March, 2008 from 1100 to 1215 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil – Chairman

MEMBERS

LOK SABHA

2. Shri Santosh Gangwar
3. Shri Jigajinagi Ramesh Chandappa
4. Shri Suresh Kalmadi
5. Dr. H.T. Sangliana
6. Prof. Mahadeorao Shiwankar

RAJYA SABHA

7. Shri Jai Parkash Aggarwal
8. Smt N.P. Durga
9. Shri K.B. Shanappa

SECRETARIAT

1. Shri S.K. Sharma - Additional Secretary
2. Shri A. Louis Martin - Joint Secretary
3. Shri Gopal Singh - Director
4. Shri D.R. Shekhar - Deputy Secretary-II
5. Smt. J.M. Sinha - Under Secretary

REPRESENTATIVES OF MINISTRY OF DEFENCE

1. Shri Vijay Singh - Defence Secretary
2. Shri Pradeep Kumar - Secretary (DP)
3. Shri Smt. Deepa Jain Singh - Secretary (ex-serviceman welfare)
4. Shri S.K. Sharma - DG(Acq)
5. Smt. Neelkamal Narang - FA(DS)
6. Smt. Neelam Nath - Addl. Secy (N)
7. Shri C.M. Bachchawat - JS & AM (MS)
8. Shri Chaman Kumar - JS & AM (LS)
9. Shri R.K. Ghose - JS & AM (Air)

10.	Shri Binoy Kumar	-	JS(O/N)
11.	Shri Bimal Julka	-	JS(G/Air)
12.	Shri Ajay Tirkey	-	JS(E)
13.	Shri Amit Cowshish	-	Addl.FA(A)&JS
14.	Shri. G. Glangovan	-	CCR&D(R&M)
15.	Dr. S.C. Lpandey	-	JS & Addl.FA(P)
16.	Shri Rajwant B. Singh	-	Director (P&C)
17.	Lt. Gen HS Lidder	-	CISC
18.	Lt. Gen. ML Naidu	-	VCOAS
19.	Air Mshl. P.V. Naik	-	VCAS
20.	V. Adml. Nirmal Verma	-	VCNS
21.	Lt Gen. NS Brar	-	DCIDS (PP & FD)
22.	Maj. Gen Dalijit Singh	-	ACIDS (FP)
23.	Maj. Gen Vicas Kapur	-	ADG(FP)
24.	AVM R.B. Kalra	-	ACAS (Fin P)
25.	AVM NV Tyagi	-	ACAS(Plans)
26.	Cmde MK. Anand	-	DACIDS(Budget)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha.

3. Thereafter, the representatives of the Ministry of Defence briefed the Committee on Defence Budget (2008-09) pertaining to General Defence Budget and made a power point presentation. The Committee then held discussion on various issues, which included reasons for not preparing outcome budget, surrendering of funds allocated to the Ministry, creation of non-lapsable funds for the three Services, extent of Indigenisation of Defence production, status of budgetary provisions for married accommodation etc.

4. Then, representatives of the Ministry responded to the queries raised by Members. As regards the points on which the representatives could not readily respond, the Committee desired the Ministry to furnish written information at the earliest.

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

The Committee then adjourned.

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

The Committee sat on Tuesday, the 25 March, 2008 from 1100 to 1305 hrs. in Committee Room '074', Parliament Library Building, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil – Chairman

MEMBERS

LOK SABHA

2. Shri Santosh Gangwar
3. Shri Jigajinagi Ramesh Chandappa
4. Dr. K.S. Manoj
5. Dr. H.T. Sangliana
6. Shri Rajesh Verma

RAJYA SABHA

7. Shri Jai Parkash Aggarwal
8. Smt. N.P. Durga
9. Shri K.B. Shanappa

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 |

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

- | | | | |
|-----|------------------------|---|---------------------|
| 1. | Shri Vijay Singh | - | Defence Secretary |
| 2. | Shri Pradeep Kumar | - | Secretary (DP) |
| 3. | Shri P.K. Rastogi | - | Special Secretary |
| 4. | Smt. Neelkamal Narang | - | FA(DS) |
| 5. | Shri S.K. Sharma | - | DG(Acq.) |
| 6. | Shri G. Elangovan | - | CCR&D(R&M) |
| 7. | Shri Binoy Kumar | - | JS(O/N) |
| 8. | Shri Rajwant B. Singh | - | Director, P&C, DRDO |
| 9. | V. Adml. Nirmal Verma, | - | VCNS |
| 10. | Lt. Gen. NS Brar, | - | DCIDS (PP & FD) |
| 11. | Maj Gen Dalijit Singh | - | ACIDS (FP) |

12.	Smt. H.K. Pannu,	-	CGDA
13.	Smt. Neelam Nath	-	Addl. Secy (N)
14.	Shri Amit Cowshish	-	Addl.FA(A)&JS
15.	Smt. Anuradha Mitra	-	Addl. FA(AM)
16.	Shri Chaman Kumar	-	JS&AM(LS)
17.	Shri Jitenderbir Singh,	-	JS(Trg)
18.	Shri T. Ramachandru,	-	JS(S)
19.	Shri Rajwant B. Singh	-	Dir.(P&C)
20.	Shri Bhaskar Verma	-	DS(Trg.)
21.	Lt. Gen. ML Naidu,	-	VCOAS
22.	Lt Gen. Yogendra Singh	-	DGAFMS
23.	Lt Gen G. Sridharan	-	DGQA
24.	R Adml A.Y. Kalaskar	-	ADG(A)/NCC
25.	Maj Gen. Vicas Kapur	-	ADG(FP)
26.	Air Cmde DP Joshi	-	DDG(Prov)
27.	Shri S.K. Singh	-	Dir.(Fin)/NCC
28.	Col Pawan Kapoor	-	Dir DGAFMS (P)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Defence to the sitting of the Committee in connection with examination of Demand for Grants 2008-09 relating to Army and drew their attention to the Direction 58 of the Directions by the Speaker, Lok Sabha regarding confidentiality of the discussions.

3. The representatives of the Ministry of Defence briefed the Committee about the salient features of the Defence Budget for the year 2008-09 and made power point presentation relating to Army, DGQA, Sainik Schools and NCC.

4. The Committee's discussion covered various aspects such as the projected demand of Army for modernisation, Budget allocation during the year 2008-09, impact of reduction on Army's modernisation programme, future plans of Army to reprioritise their schemes/projects, procurement plans, steps taken by the Army for reducing their revenue expenditure, improvement being made in the infrastructure and the quality of education of Sainik School, utilisation of budgetary allocation by the DGQA, annual intake of the NCC Cadets in the

Armed Forces through special entry scheme, self-reliance in defence production etc.

5. Record of verbatim proceedings of the Committee has been kept.

The Committee then adjourned.

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

The Committee sat on Tuesday, the 25 March, 2008 from 1500 to 1635 hrs. in Committee Room '074', Parliament Library Building, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil – Chairman

MEMBERS

LOK SABHA

2. Shri Santosh Gangwar
3. Dr. K.S. Manoj
4. Dr. H.T. Sangliana

RAJYA SABHA

5. Shri K.B. Shanappa

SECRETARIAT

1. Shri Gopal Singh - Director
2. Shri D.R. Shekhar - Deputy Secretary-II
3. Smt. J.M. Sinha - Under Secretary

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. Shri Vijay Singh - Defence Secretary
2. Shri Pradeep Kumar - Secretary (DP)
3. Shri P.K. Rastogi - Special Secretary
4. Smt. Neelkamal Narang - FA(DS)
5. Shri S.K. Sharma - DG(Acq.)
6. Shri G. Elangovan - CCR&D(R&M)
7. Shri Binoy Kumar - JS(O/N)
8. Shri Rajwant B. Singh - Director, P&C, DRDO
9. V. Adml. Nirmal Verma, - VCNS
10. Lt. Gen. NS Brar, - DCIDS (PP & FD)
11. Maj Gen Dalijit Singh - ACIDS (FP)
12. Smt. H.K. Pannu, - CGDA

13.	Lt. Gen. H.S. Lidder	-	CISC
14.	Lt. Gen. M.L. Naidu	-	VCOAS
15.	Shri Sekhar Agarwal	-	FA (Acq)
16.	Shri C.M. Bachhawaat	-	JS&AM(MS)
17.	Air Mshl. P.V. Naik	-	VCAS
18.	Maj. Gen. B.B. Sharma	-	DG,MAP
19.	AVM N.V. Tyagi	-	ACAS (Ops)
20.	R Adml. Girish Luthra	-	ACNS (P&P)
21.	Cmde S. Sammaddar	-	PDNP

2. At the outset, the Chairman welcomed the representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha.

3. The representatives of the Ministry of Defence briefed the Committee on Defence Budget (2008-09) pertaining to Navy and made a power point presentation. The Committee then held discussion on various issues which included delay in projects of Navy and cost overrun of projects, shortage of manpower in Navy, percentage of rejection of applications of candidates who apply for the post of sailors, upgradation of training curriculum to meet the changing global security scenario, indignisation of defence production as well as import of platform, shipbuilding, delay in delivery of ship ex-Gorshkov and procurement of MIG 29 K for aircraft carrier Admiral ex-Gorshkov and tentative date of commissioning 39 ships for Indian Navy, etc.

4. Then, the representatives of the Ministry briefed the Committee on Demands for Grants on Integrated Defence Staff and made a power point presentation. The Committee held discussion on issues which included achievements of Integrated Defence Staff, projection of allocation for the Joint Staff for Eleventh Plan, joint budgeting system and implementation of joint doctrine, etc. The Chairman desired the Ministry to have a re-look on classifying the information by the Ministry of Defence.

5. As regards the points on which the representatives could not readily respond, the Committee desired the Ministry to furnish written information at the earliest.
6. A copy of verbatim record of the proceeding has been kept.

The Committee then adjourned.

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

The Committee sat on Tuesday, the 01st April, 2008 from 1100 to 1305 hrs. in Committee Room '074', Parliament Library Building, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil – Chairman

MEMBERS

LOK SABHA

2. Shri Santosh Gangwar
3. Dr. K.S. Manoj
4. Shri C. Kuppusami
5. Shri Shrinivas Patil
6. Shri Raju Rana
7. Prof. Mahadeorao Shiwankar
8. Shri Balashowry Vallabhaneni
9. Shri Rajesh Verma

RAJYA SABHA

10. Shri K.B. Shanappa
11. Shri Jai Prakash Aggarwal
12. Shri R. K. Dhawan
13. Smt. N. P. Durga
14. Shri S.P.M. Syed Khan
15. Smt. Viplove Thakur

SECRETARIAT

1. Shri S. K. Sharma - Additional Secretary
2. Shri A. Louis Martin - Joint Secretary
3. Shri Gopal Singh - Director
4. Shri D.R. Shekhar - Deputy Secretary-II
5. Smt. J.M. Sinha - Under Secretary

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. Shri Vijay Singh - Defence Secretary
2. Shri Pradeep Kumar - Secretary (DP)
3. Shri P.K. Rastogi - Special Secretary
4. Smt. H. K. Pannu - FA(DS)
5. Smt. Deepa Jain Singh - Secretary (ESW)
6. Smt. Neelam Nath - Additional Secretary (N)

7.	Shri M. Natarajan	-	SA to RM
8.	Dr. D. Banerjee	-	CCR&D (AMS)
9.	Dr. Prahlada	-	CCR&D (SI)
10.	Dr. W. Selvamurthy	-	CCR&D (LS&HR)
11.	Shri N. Sita Ram	-	CCR&D (ECS)
12.	Shri G. Elangovan	-	CCR&D (R&M)
13.	Shri Disip Biswas	-	Addl F A (D)
14.	Shri Amit Cowshish	-	Additional FA (A)&JS
15.	Dr. S. C. Pandey	-	JS & Additional FA (P)
16.	Shri R. K. Ghose	-	JS&AM(Air)
17.	Shri Ajay Tirkey	-	JS (E)
18.	Lt. Gen. H.S. Lidder	-	CISC
19.	Air Mshl. N. A. K. Browne	-	DCAS
20.	Air Mshl J.N. Burma	-	AOA
21.	V Adml. R.F. Contractor	-	DG, CG
22.	Maj. Gen. S.G. Chatterjee	-	DG(R)
23.	Maj. Gen. A. Srivastava	-	MD, ECHS
24.	DIG VSR Murthy	-	PD (P&P)
25.	AVM R.B. Kalra	-	ACAS(Fin P)
26.	Comde. K. Surjit Singh	-	PDESA
27.	Shri Chaman Kumar	-	JS (ESW)
28.	Shri Harbans Singh	-	Dir (Pen/Pol)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha.

3. The representatives of the Ministry of Defence briefed the Committee on Defence Budget (2008-09) pertaining to Air Force, Defence Research and Development Organization and Department of Ex-Servicemen Welfare and made power point presentations. The Committee then held discussion on various issues which included reduction in the projected amount of Air Force at Revised Estimates stage, Air Force projects to be undertaken during the year 2008-09, the number of Air Force bases having night landing facilities, filling up of vacant posts in Air Force, identification of areas of wasteful expenditure in Air Force, etc. On Defence Research and Development Organization, the Committee held discussion on actual budget allocation by the Ministry for R&D, mode of selection of items for research purposes and the status of ongoing projects of Defence Research and Development Organization. In regard to Department of Ex-Servicemen Welfare, the Committee held discussion on measures taken by the Ministry to improve the conditions of widows/dependents of Ex-Servicemen and employment of ex-servicemen in para-military forces in a time bound manner.

4. As regards the points on which the representatives could not readily respond, the Committee desired the Ministry to furnish written information at the earliest.
5. A copy of verbatim record of the proceedings has been kept.

The Committee then adjourned.

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

The Committee sat on Tuesday, the 01st April, 2008 from 1330 to 1530 hrs. in Committee Room '074', Parliament Library Building, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil – Chairman

MEMBERS

LOK SABHA

2. Shri Santosh Gangwar
3. Dr. K.S. Manoj
4. Shri C. Kuppusami
5. Shri Shrinivas Patil
6. Shri Raju Rana
7. Prof. Mahadeorao Shiwankar
8. Shri Balashowry Vallabhaneni
9. Shri Rajesh Verma

RAJYA SABHA

16. Shri K.B. Shanappa
17. Shri Jai Prakash Aggarwal
18. Shri R. K. Dhawan
19. Smt. N. P. Durga
20. Shri S.P.M. Syed Khan
21. Smt. Viplove Thakur

SECRETARIAT

- | | | | |
|----|----------------------|---|----------------------|
| 1. | Shri S. K. Sharma | - | Additional Secretary |
| 2 | Shri A. Louis Martin | - | Joint Secretary |
| 1. | Shri Gopal Singh | - | Director |
| 2. | Shri D.R. Shekhar | - | Deputy Secretary-II |
| 3. | Smt. J.M. Sinha | - | Under Secretary |

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. Shri Pradeep Kumar, Secy. (DP)
2. Shri P.K. Rastogi, Spl Secretary
3. Smt. HK Pannu, FA(DS)
4. Shri S.K. Sharma, DG(Acq.)
5. Dr. Prahlada, CCR&D(SI)
6. Shri G. Elangovan,
7. R Adml T S Ganeshwan (Retd),CMD,GRSE
8. Shri V.V.R. Sastry, CMD (BEL)
9. Shri Ashik K. Baweja, Chairman (HAL)
10. V. Adm. SKK Krishnan, CMD MDL
11. Shri Sudipta Ghosh, Chairman, OFB
12. Shri B Saha, Secy, OFB
13. Shri Amit Cowshish, Addl.FA(A)&JS
14. Shri R.K. Ghose, JS&&AM(Air)
15. Shri V. Somasundaran, JS(OF)
16. Shri T. Ramachandru, JS(S)
17. Shri Chaman Kumar, JS&AM(LS)
18. Shri Satyajeet Rajan, JS(X)
19. Shri S.No. Misra, JS(HAL)
20. Shri Gyanesh Kumar, JS(SY)
21. Dr. K.K. Kirty, Dir(Acq)
22. Shri Saurabh Kumar, Dir.)P&C)
23. LT Gen HS Lidder, CISC
24. V. Adml. Nirmal Verma, VCNS
25. Lt. Gen ZU Shah, DCOAS (P&S)
26. Lt. Gen NS Brar, DCIDS (PP&FD)
27. Air Mshl NAK Browne, DCAS
28. Shri Ajay Acharya, AS(DP)
29. Shri Shekhar Agarwal, FA(Acq)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha.

3. Thereafter, the representatives of the Ministry of Defence briefed the Committee on Defence Budget (2008-09) pertaining to Indian Ordnance Factories, Indian Coast Guard, Indigenisation and Defence Public Sector Undertakings (DPSUs), and made a power point presentation. The Committee then held discussion on various issues which included-functioning of Armed Forces Tribunal, budget for Coast Guard and their sanctioned and

existing force level, Indigenisation of Defence Production, present status of Arjun Tank, possibilities of carrying out technical audit, performance audit and commercial accounting of the Ordnance Factories in the Defence Public Sector Undertaking, coordination among Procurement agency, OFB, DRDO and Production agencies, implementation of Kelkar Committee's recommendations on public private participation etc.

4. Committee also held discussion on functioning of Canteen Stores Department, Ordnance Factories and need of independent audit system for them.

5. Then, The representatives of the Ministry answered the queries one by one. As regards the points on which the representatives could not readily respond, the Committee desired to furnish written information at the earliest.

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

The Committee then adjourned.

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

The Committee sat on Friday, the 4th April, 2008 from 1500 to 1540 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil – Chairman

MEMBERS

LOK SABHA

9. Shri Vijay Bahuguna

RAJYA SABHA

10. Smt. Shobhana Bhartia
11. Shri R.K. Dhawan
12. Shri K.B. Shanappa
6. Smt. N.P. Durga

SECRETARIAT

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

REPRESENTATIVES OF MINISTRY OF FINANCE (DEPARTMENT OF EXPENDITURE)

1. Smt. Sushama Nath - Secretary, Department of Expenditure,
2. Smt. Meena Agarwal - Joint Secretary (Per)
3. Smt. Dakshita Das - Director (Budget),
Department of Economic Affairs.

2. At the outset, the Chairman welcomed the representatives of the Ministry of Finance (Department of Expenditure) to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha.

3. The Committee then held discussion on various issues, which included surrendering of allocated amount, creation of non-lapsable funds for the three Services, recommendations of 6th Central Pay Commission in respect of Defence personnel, Outcome Budget, clearance of 11th Defence Plan, issue of ban on recruitment for Civil Staff, speedy clearance of procurement proposal of the Ministry of Defence etc.

4. Then, the representatives of the Ministry of Finance answered the queries one by one. As regards the points on which the representatives could not readily respond, the Committee desired them to furnish written information at the earliest.

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

The Committee then adjourned.

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

The Committee sat on Wednesday, the 9th April, 2008 from 1100 to 1145 hrs. in Committee Room '074', Parliament Library Building, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil – Chairman

MEMBERS

LOK SABHA

13. Shri Vijay Bahuguna
14. Shri Milind Murli Deora
15. Shri Santosh Gangwar
16. Dr. K.S. Manoj
17. Shri Shrinivas Patil

RAJYA SABHA

18. Dr. Farooq Abdullah
19. Shri Jai Parkash Aggarwal
20. Smt. Shobhana Bhartia
21. Shri R.K. Dhawan
22. Smt. N.P. Durga
23. Shri K.B. Shanappa

SECRETARIAT

- | | | | |
|----|----------------------|---|---------------------|
| 6. | Shri A. Louis Martin | - | Joint Secretary |
| 7. | Shri Gopal Singh | - | Director |
| 3. | Shri D.R. Shekhar | - | Deputy Secretary-II |
| 4. | Smt. J.M. Sinha | - | Under Secretary |

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee, thereafter, considered the draft report on the 'Demands for Grants of the Ministry of Defence' for the year 2008-09 and adopted the same with some additions as may be finalised by the Chairman.

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

4. During the meeting, some members emphasized that the reports of the Committee should be discussed in the House. It was explained by the Joint Secretary that there is no provision in the Rules for discussion of the Committee's reports in the Houses. The members may, however, make reference to the recommendations of the Committee during the debate in Parliament. As regards implementation of the recommendations of the Committee it was explained that apart from the Action Taken Reports made by the Committee, there is a requirement under Direction 73 A of the Directions of the Speaker, the Minister concerned should make once in six months a statement in the House regarding the status of implementations of the recommendations contained in the Reports of the Committee.

The Committee then adjourned.