

FIFTY-FIFTH REPORT
ESTIMATES COMMITTEE
(1995-96)

(TENTH LOK SABHA)

MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC
AFFAIRS—BUDGET DIVISION)

Allocation of a separate Budget Head to the Defence
Estates Organisation in the Civil Estimates under the
Ministry of Defence



Presented to Lok Sabha on..... 29 FEB 1996

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COMPOSITION OF THE ESTIMATES COMMITTEE
(1995-96)

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- @30. VACANT

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- | | |
|-----------------------------|---------------------|
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| 5. Shri R.C. Kakkar | —Assistant Director |

@ Dr. Krupasindhu Bhoi ceased to be Member of the Estimates Committee w.e.f. 9.5.1995 consequent on his resignation from Estimates Committee.

INTRODUCTION

1. The Chairman of Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Fifty-Fifth Report on the Ministry of Finance (Deptt. of Economic Affairs—Budget Division)—Allocation of a separate Budget Head to Defence Estates Organisation in the Civil Estimates under the Ministry of Defence.

2. The Committee at their sitting held on the 16th January, 1996 considered Memoranda prepared on a note dated the 22nd December, 1995 received from the Ministry of Finance (Deptt. of Economic Affairs—Budget Division) requesting for allocation of a separate Budget Head to Defence Estates Organisation in the Civil Estimates under the Ministry of Defence.

3. The Report was considered and adopted by the Committee at their sitting held on 1st February, 1996.

4. For facility of reference the recommendations/observations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

NEW DELHI;
February 2, 1996

Magha 13, 1917(S)

S.B. SIDNAL,
Chairman,
Estimates Committee.

REPORT

ALLOCATION OF A SEPARATE BUDGET HEAD TO THE DEFENCE ESTATES ORGANISATION IN THE CIVIL ESTIMATES UNDER THE MINISTRY OF DEFENCE.

1.1 The Ministry of Finance (Department of Economic Affairs—Budget Division) vide their O.M. No. F.1(41)-B(AC)/95 dated 22nd December, 1995 have forwarded a note received from the Ministry of Defence for consideration of Estimates Committee regarding allocation of a separate Budget Head to the Defence Estates Organisation in the Civil Estimates under the Ministry of Defence.

1.2 The Ministry in their aforesaid note have stated the following reasons and necessity for shifting of budget provisions of Defence Estates Organisation from the Defence Services Estimates to the Civil Estimates of the Ministry of Defence and for opening necessary Budget Head therefor in the Civil Estimates:—

“The Defence Estates Organisation is one of the oldest organisation under the direct administrative control of the Ministry of Defence. It is entrusted with the task of administration of Cantonments, management of Defence lands both inside and outside Cantonments, acquisition, requisition and hiring of immovable properties for Defence purposes and administration of Urban Land Ceiling & Regulation Act 1976 in 24 Cantonments to which the Act applies. The Cantonments administration includes provision of civic amenities, medical and education facilities, formulation and implementation of development plans, fiscal planning, financial management, personnel administration involving application of labour laws, service rules and special benefit schemes, welfare and housing measures for the employees, environment conservation, public hygiene, exercise of quasi-judicial-appellate powers under the Cantonments Act and the rules made thereunder, regulation of building activities, horticulture and arboriculture and provision of necessary services to the troops to ensure their health and safety.

(ii) Under the Constitution of India (Schedule VII, List I Entry 3) the Local Self-Government in the Cantonments is the responsibility of the Ministry of Defence, Government of India. This responsibility is discharged by the Central Government through the Defence Estates Organisation which administers the Cantonment Boards located in various States of the country. The officers belonging to the Defence Estates Organisation are appointed by the Central Government through the Combined Civil Services Examination (Formerly, IAS examination) etc. conducted by the UPSC. At the regional level, the Director Defence

Estates/GOC-in-C, exercises the powers of the local Government on matters relating to the Cantonment Boards. At the apex level, the Director General, Defence Estates supervises the functioning of the Cantonment Boards and acts as the advisor to the Central Government in all matters relating to the administration of the Cantonments. Although, the Cantonment Boards are local bodies raising income from the local sources by way of taxation, in most of the cases, the finance of the Board are supplemented by the release of grants from the Ministry of Defence out of Defence Services Estimates. The Budget Head for this expenditure is controlled by the Army as per existing arrangements. The grants are released subject to the budgetary constraints of the Army though the planning & budgeting for the finances of the Cantonment Boards is one of the assigned functions of the Defence Estates Department. The 74th amendment to the Constitution of India has added a new impetus to the strategic planning for development of the Cantonments by the Defence Estates Organisation. Without an assured flow of fund, this activity cannot be undertaken in a planned manner.

(iii) The Defence Estates Organisation is responsible for the management of Defence lands which involves administration of various statutory and non-statutory rules, detection and removal of encroachments, leasing and licensing of Defence lands, collection of revenue, maintenance of land records, enforcement of land tenures, disposal of surplus land, land survey and valuation, conduct of court cases numbering approximately 17000 pertaining to land matters instituted against or on behalf of the Government in various courts. These functions are predominantly executive in nature and can be performed effectively only if adequate financial back-up is also available.

(iv) The Defence Estates Department is also responsible for the acquisition/requisition and hiring of immovable property for the Army, Navy and Air Force and also for other inter Services Organisation of the Ministry of Defence including Defence Research and Development Organisation (DRDO). The officers of the Services are in constant liaison with the civil administration of the State Government as the procurment of land and buildings is governed under the Civil laws. The officers of the Department have been vested with financial powers to release funds required for the acquisition, requisition and hiring of immovable property.

(v) The Director General Defence Estates is the head of the department with around 200 officers at various levels and approximately 40000 staff including those from the Cantonment Boards. The role & functions of the organisation are civil oriented and have no direct relationship with the military.

(vi) Under the existing budgetary arrangements, for the pay and allowances, Travelling allowance of the officers, staff the provisions of telephone facilities, procurement of stationery items including postage and telegrams, procurement and repair of vehicles, the department is

dependent on the allocations made by the Dte. of Financial Planning in the Army Hqrs. and the other wings of the Army supporting Services. The concerned budget heads are controlled by the Army Hqrs. This has made the department perpetually dependent on the planning and budgeting by an agency which has no direct responsibility for the performance of the statutory role/functions assigned to the department. As a result, the Defence Estates Department does not get adequate priority in the overall scheme of the financial planning of the Indian Army. Thus, while the administrative control over the department is exercised by the Ministry of Defence, the actual financial control has been retained by the Army resulting in a dichotomous situation.

(vii) The entire Defence Estates Organisation is accountable to the Ministry of Defence and not to any other service Hqrs. The Services Hqrs. are only users. It is quite natural that in the absence of autonomy in the matter of financial allocations, the dependence on the source-authority for funding will increase. Recently, the Ministry of Defence has entrusted the task of land audit to the existing land holdings with the Service Hqrs. and their utilisation etc. The task involves an independent assessment of the land requirements with the objective of optimal utilisation of available land resources. The success of this task would depend on the existence of an organisation which is out of the administrative and financial control of any user Organisation.

(viii) On the whole, independent Budgetary allocation out of the Civil Estimates of the Ministry of Defence to this organisation will help proper maintenance and growth of the organisation, an appropriate training programme and optimisation of the productive level of the manpower. Budgetary estimation and control with the department will ensure the requisite fund allocation *vis-a-vis* requirements and will also help confidence-building in the Defence Estates Organisation as a whole.

(ix) The necessity for allocation of the Budget Head under the Civil Estimates of Ministry of Defence has been justified by the administrative and financial needs of the Organisation as spelt out in the preceding paragraphs.

(x) The proposal has been examined and approved by the Defence Secretary in consultation with the Financial Adviser, Defence Services. This has also been approved by the Department of Economic Affairs (Ministry of Finance)/Controller General of Civil Accounts and the Comptroller and Auditor General of India.

(xi) The proposal for allocation of a Budget Head in the Civil Estimates of Ministry of Defence to the Defence Estates Organisation is now submitted for the approval of the Estimates Committee. A statement showing the Budgetary Code Head under the Civil Estimates of Ministry of Defence is annexed to the proposal." (Appendix-I)

1.3 The Committee note that the Defence Estates Organisation is one of the oldest organisations under the direct administrative control of the Ministry of Defence. It is entrusted with the task of administration of Cantonments, management of Defence lands both inside and outside Cantonments, acquisition, requisition and hiring of immovable properties for defence purposes and administration of Urban Land Ceiling & Regulation Act 1976 in 24 Cantonments to which the Act applies. The Defence Estates Department is also responsible for the acquisition/requisition and hiring of immovable property for the Army, Navy and Air Force and also for other inter Services organisation of the Ministry of Defence including Defence Research and Development Organisation. The role and functions of this organisation are civil oriented and have no direct relationship with the military.

1.4 The Committee are informed that under the existing budgetary arrangements the Defence Estates Department is dependent on the allocations made by the Directorate of Financial Planning in the Army Hqrs. and the other wings of the Army supporting Services. The concerned budget heads are controlled by the Army Hqrs. This has made the department perpetually dependent on the planning and budgeting by an agency which has no direct responsibility for the performance of the statutory role/functions assigned to the department.

1.5 The Committee are also informed that the entire Defence Estates Organisation is accountable to the Ministry of Defence and not to any other Services Hqrs. The Services Hqrs. are only users. The success of this task would depend on the existence of an organisation which is out of the administrative and financial control of any user Organisation.

1.6 The Committee further note that the proposal for allocation of a separate Budget Head to the Defence Estates Organisation in the Civil Estimates under Ministry of Defence have already been examined and approved by the Defence Secretary in consultation with the Financial Adviser, Defence Services. The said proposal was also approved by the Ministry of Finance (Department of Economic Affairs—Budget Division) and also by Controller General of Civil Accounts and the Comptroller and Auditor General of India.

1.7 The Committee agree with the views expressed by the Government that an independent budget allocation out of Civil Estimates of the Ministry of Defence to Defence Estates Organisation will help proper maintenance and growth of the Organisation and also ensure the requisite fund allocation *vis-a-vis* requirements.

1.8 The Committee after taking into consideration the reasons and the necessity as explained by the Ministry for shifting of Budget provisions from Defence Services Estimates for independent Budget allocation for Defence Estates Organisations, approve the proposal of the Government for a separate Budget Head to Defence Estates Organisation in Civil Estimates

under the Ministry of Defence. The Committee accordingly recommend that a separate Budget Head may be allocated to the Defence Estates Organisation in the Civil Estimates under the Ministry of Defence.

NEW DELHI;
February 2, 1996

Magha 13, 1917(S)

S.B. SIDNAL,
Chairman,
Estimates Committee.

APPENDIX I

HEADS OF ACCOUNT FOR DEFENCE ESTATES GRANT NO. 15 MINISTRY OF DEFENCE (CIVIL)

REVENUE SECTION

Major Head-2052

- A. Secretariat General Services
(Major Head Contd.)
- A.2 Other Offices (Minor Head)
- A.2(2) Defence Estates Deptt.
- A.2(2) (1) Salaries.....
Voted.....
Charged.....
- A.2(2) (2) Wages
- A.2(2) (3) Over-Time Allowance
- A.2(2) (4) Travel Expenses (Domestic)
- A.2(2) (5) Travel Expenses (Foreign)
- A.2(2) (6) Office Expenses
- A.2(2) (7) Rents, Rates, Taxes
- A.2(2) (8) Professional Special Services Payment
- A.2(2) (9) Subsidy to Departmental Canteens
- A.2(2) (10) Other Expenditures of Departmental Canteens
- A.2(2) (11) Grants-in-Aid to Cantonment Boards

Major Head—2059

- B. Public Works (Major Head)
- B.1 Office Buildings (Sub Major Head)
- B.1(1) Maintenance & Repairs (Minor Head)
- B.1(1) (2) Defence Estimates Deptt.
- B.1(1) (2) (1) Minor Works

Major Head-2216

- D. Housing (Major Head)
- D.1 Govt. Residential Buildings (Sub Major Head)
- D.1(1) General Pool Accommodation (Minor Head)
- D.1(1) (1) Maintenance & Repairs
- D.1(1) (1) (2) Defence Estates Deptt.
- D.1(1) (1) (2) (1) Minor Works

CAPITAL SECTION

Major Head-4059

- AA Capital Outlay on Public Works (Major Head)
- AA.1 Other Buildings (Sub Major Head)
- AA.1(1) Construction (Minor Head)
- AA.1(1) (2) Defence Estates Deptt.
- AA.1(1) (2) (1) Major Works

Major Head-4216

- CC Capital Outlay on Housing (Major Head)**
- CC.1 Govt. Residential Buildings (Sub Major Head)**
- CC.1(1) Other Housing (Minor Head)**
- CC.1(1) (1) Construction**
- CC.1(1) (1) (2) Defence Estates Deptt. Residential Buildings**
- CC.1(1)(1)(2)(1) Major Works.**

APPENDIX II

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS

Sl. No.	Para No.	Recommendations / Observations
1	2	3
1	1.3	The Committee note that the Defence Estates Organisation is one of the oldest organisations under the direct administrative control of the Ministry of Defence. It is entrusted with the task of administration of Cantonments, management of Defence lands both inside and outside Cantonments, acquisition, requisition and hiring of immovable properties for Defence purposes and administration of Urban and Ceiling & Regulation Act 1976 in 24 Cantonments to which the Act applies. The Defence Estates Department is also responsible for the acquisition/requisition and hiring of immovable property for the Army, Navy and Air Force and also for other inter Services organisation of the Ministry of Defence including Defence Research and Development Organisation. The role and functions of this organisation are civil oriented and have no direct relationship with the military.
2	1.4	The Committee are informed that under the existing budgetary arrangements the Defence Estates Department is dependent on the allocations made by the Directorate of Financial Planning in the Army Hqrs. and the other wings of the Army supporting Services. The concerned budget heads are controlled by the Army Hqrs. This has made the department perpetually dependent on the planning and budgeting by an agency which has no direct responsibility for the performance of the statutory role/functions assigned to the department.
3	1.5	The Committee are also informed that the entire Defence Estates Organisation is accountable to the Ministry of Defence and not to any other Services Hqrs. The Services Hqrs. are only users. The success of this task would depend on the existence of an organisation which is out of the administrative and financial control of any user Organisation.
4	1.6	The Committee further note that the proposal for allocation of a separate Budget Head to the Defence Estates Organisation in the Civil Estimates under Ministry

1	2	3
		of Defence have already been examined and approved by the Defence Secretary in consultation with the Financial Adviser, Defence Services. The said proposal was also approved by the Ministry of Finance (Department of Economic Affairs—Budget Division) and also by Controller General of Civil Accounts and the Comptroller and Auditor General of India.
5	1.7	The Committee agree with the views expressed by the Government that an independent budget allocation out of Civil Estimates of the Ministry of Defence to Defence Estates Organisation will help proper maintenance and growth of the Organisation and also ensure the requisite fund allocation <i>vis-a-vis</i> requirements.
6	1.8	The Committee after taking into consideration the reasons and the necessity as explained by the Ministry for shifting of Budget provisions from Defence Services Estimates for independent Budget allocation for Defence Estates Organisations, approve the proposal of the Government for a separate Budget Head to Defence Estates Organisation in Civil Estimates under the Ministry of Defence. The Committee accordingly recommend that a separate Budget Head may be allocated to the Defence Estates Organisation in the Civil Estimates under the Ministry of Defence.
