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**STANDING COMMITTEE
ON DEFENCE
(1998-99)**

TWELFTH LOK SABHA

MINISTRY OF DEFENCE

FIRST REPORT

148

*[Action Taken on the recommendations contained in the
5th Report of the Committee (Eleventh Lok Sabha) on
Demands for Grants of Ministry of Defence for 1997-98]*



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 1998/Asadha, 1920 (Saka)

FIRST REPORT
STANDING COMMITTEE ON DEFENCE
(1998-99)

(TWELFTH LOK SABHA)

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*[Action Taken on the recommendations contained in the 5th Report
of the Committee (Eleventh Lok Sabha) on Demands for Grants
of Ministry of Defence for 1997-98]*

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

9 JUL 1998



LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON DEFENCE
(1998-99)

Sqn. Ldr. Kamal Chaudhry — *Chairman*

MEMBERS

Lok Sabha

2. Shri Rajendrasinh G. Anshyamsinh Rana
3. Smt. Bhavnaben K. Dave
4. Shri Shanta Kumar
5. Shri Suresh Chandel
6. Shri Gaurishankar Chaturbhuj Bisen
7. Shri Dada Baburao Paranjpe
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11. Smt. Surya Kanta Patil
12. Shri Arvind Tulshiram Kamble
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Rajya Sabha

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34. Shri K.L. Poswal
35. Shri K.R. Malkani
- **36. Prof. Ram Kapse
- *37. Shri Narain Prasad Gupta
38. Shri A. Vijaya Raghavan
39. Shri Ish Dutt Yadav
40. Shri Adhik Shirodkar
41. Shri S. Peter Alphonse
42. Sardar Gurcharan Singh Tohra
43. Dr. Raja Ramanna

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri V.N. Gaur — *Director*
3. Shri K.D. Muley — *Assistant Director*
4. Shri Pawan Kumar — *Committee Officer*

* Ceased to be Member of the Committee consequent upon his retirement from Rajya Sabha w.e.f. 29.6.98

** Ceased to be a Member of the Committee consequent upon his retirement from Rajya Sabha w.e.f. 4.7.98

*** Ceased to be a Member of the Committee consequent upon his retirement from Rajya Sabha w.e.f. 7.7.98

INTRODUCTION

I, the Chairman, Standing Committee on Defence (1998-99) having been authorised by the Committee to submit the Report on their behalf, present this First Report on Action Taken by Government on the recommendations contained in the Fifth Report of the Committee (Eleventh Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 1997-98.

2. The Fifth Report was presented to Lok Sabha on 30th April, 1997 and laid in Rajya Sabha on 2nd May, 1997. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 11th August, 1997. The Draft Report was considered and adopted by the Standing Committee on Defence (1998-99) at their sitting held on 25th June, 1998.

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

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

NEW DELHI;
July 1, 1998
Asadha 10, 1920 (Saka)

SQN. LDR. KAMAL CHAUDHRY,
Chairman,
Standing Committee on Defence.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations/observations contained in their Fifth Report (Eleventh Lok Sabha) on Demands for Grants of the Ministry of Defence for the year, 1997-98 which was presented to Lok Sabha on 30th April, 1997 and was laid in Rajya Sabha on 2nd May, 1997.

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

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

Sl. Nos. 1 to 6, 8 to 14 and 16

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

7

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

15

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

Nil

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

NINTH DEFENCE FIVE YEAR PLAN

Recommendation (SL No. 6, Para No. 29)

4. In their Sixth Report (Tenth Lok Sabha) presented to Parliament on 8th March, 1996, the Committee had expected the Ministry of Defence to finalise Ninth Defence Plan well ahead of the beginning of

the Plan. Again in the Action Taken Report (Second Report of Eleventh Lok Sabha) on the above Report presented to Parliament on 4th December, 1996, the Committee had desired that the Ninth Defence Plan be finalised on time. Not convinced by the reasons given by the Ministry of Defence for delay in finalisation of the Ninth Defence Plan, the Committee had in their Fifth Report (Eleventh Lok Sabha) presented to Lok Sabha on 30th April, 1997, desired that the Plan be finalised and concluded/approved without further delay with firm commitment of Government for allocation of resources, so that the prioritised schemes of the Armed Forces could be completed without cost and time overruns.

5. The Ministry of Defence, in their action taken reply, stated that the recommendation of the Committee had been taken note of and would receive earnest consideration whilst processing and finalising the matter.

6. In another reply, the Ministry have submitted that the Ninth Defence Plan was approved by the Cabinet Committee on Security in December, 1997.

7. The Committee are happy to note that the Ninth Defence Plan has since been approved.

Re-emphasising the utmost necessity of long term planning in case of defence projects and acquisitions, the Committee hope that financial allocations in the successive Defence Budget(s) during the Ninth Defence Plan period would be adequate to meet the requirements of the Armed Forces for modernisation & upgradation.

AGNI PROJECT

Recommendation (Sl. Nos. 8 & 9, Para Nos. 33 & 34)

8. Emphasising the importance of missiles in a country's political and strategic diplomacy, the Committee had reiterated their earlier recommendation made in their Sixth Report—Tenth Lok Sabha that the Government should review their Technology Demonstrator—Agni Missile Project to take it to its logical conclusion.

9. The Ministry of Defence have in their action taken reply stated that the 'AGNI' re-entry technology demonstration project has been successfully completed. This has given the country an option to develop

a missile system, capable of delivering a conventional payload at higher ranges with high accuracy. This 'AGNI' option has not been closed. The Ministry have also assured that the Government will take all the steps necessary to safeguard the security and territorial integrity of the country.

10. In another reply, the Ministry have stated that Government have given clearance to the extended range version of 'AGNI' missile system.

11. The Committee welcome the clearance of the extended range version of 'AGNI' missile system by the Government. Pakistan continues its missile development programme which is primarily aimed against India. Recently, after the nuclear explosions carried out by India and Pakistan, Pakistan even reportedly claimed to have had their missiles targeted at Indian sites. China has also developed a large number of missile systems which can target any part of our country against which we have no credible missile deterrent.

The Committee are of the view that the Government should go ahead full steam in a time-bound manner to develop full range of missiles in addition to the variants of 'AGNI' currently under development as a deterrent to potential enemies from using their ballistic missile capabilities against any of our assets.

ADVANCED JET TRAINER (AJT)

Recommendation (Sl. No. 15, Para No. 56)

12. The Committee had opined that in order to improve training of IAF pilots so as to minimise the aircraft accidents due to human error, the Government should take steps for induction of Advanced Jet Trainer (AJT) urgently and in a time bound manner, taking into consideration all the available options.

13. The Ministry of Defence have in their action taken reply intimated that for the induction of the AJT, commercial negotiations with the two short-listed vendors are continuing. The induction of AJT is projected for in the Ninth Plan.

14. The Committee are not satisfied with the reply of the Government. The Committee observe that the Government/Ministry

of Defence have received offers from two Russian manufacturers for supply of AJTs. One of these manufacturers has also offered for joint manufacture of AJT with Hindustan Aeronautics Ltd. (HAL). HAL has also submitted an offer for design and development of an indigenous AJT.

The Committee, therefore, reiterate their earlier recommendation that the Government should take steps for induction of Advanced Jet Trainer (AJT) urgently and in a time bound manner, taking into consideration all the available options.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 1, Para No. 23)

The Committee note that the Ministry of Defence had assessed requirements of funds for various Services/Departments, to the tune of Rs. 36901.26 crores for 1997-98 without taking into account the effects of Fifth Pay Commission. The Committee also note that the Defence Budget of Rs. 35,620 crores for the year 1997-98 amounts to Rs. 6,122 crores (20.75%) increase over that of the previous year. If the component of Rs. 3,620 crores for implementation of the Fifth Pay Commission recommendations is excluded, the actual budgetary hike would be Rs. 2,502 crores or 8.5 per cent over Revised Estimates, 1996-97 against the current inflation rate of about 7.8 per cent. Thus, in real terms the hike in the Defence Services Estimates for 1997-98 is only notional. This level of funding when compared with the projected demands of the Services is found to be grossly inadequate to meet the essential requirements including capital acquisitions by the Armed Forces. Continuing with this level of allocations year after year may adversely affect the Defence preparedness of the country.

The Gross Capital Expenditure in the Budget Estimates 1997-98 is 26.95 per cent as against 27.86 per cent in the Revised Estimates 1996-97. In terms of percentage of total Defence Budget there is decrease in the share of Army and Navy in the Defence Budget 1997-98 as compared to the Revised Estimates, 1996-97, while there is slight increase in the share of the Air Force.

Reply of the Government

The observation of the Committee that the hike in the Defence Services Estimates for 1997-98 is only notional and the level of funding when compared with the projected Demands of the Services is grossly inadequate to meet the essential requirements including Capital acquisitions by the Armed Forces has been communicated to the Ministry of Finance for their consideration and necessary action.

[Ministry of Defence O.M.No. H. 11019/3/97/D(PARL)
dated 11.8.97]

Recommendation (Sl. No. 2, Para No. 24)

The Committee note that the Ministry of Defence need enhancement of funds by Rs. 4901 crores over Budget Estimates during 1997-98 for meeting the requirements of various Services/Departments. The Committee are not satisfied with the assurance of Finance Minister about meeting Capital Expenditure as and when required because Defence planning and acquisitions are time consuming processes which can not be based on vague promises.

Reply of the Government

The observations of the Committee that the Ministry of Defence need enhancement of funds by Rs. 4901 crores over Budget Estimates during 1997-98 for meeting the requirements of various Services/Departments have been communicated to the Ministry of Finance for their consideration and necessary action.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

Recommendation (Sl. No. 3, Para No. 25)

The amount allocated in the Defence Budget, 1997-98 for modernisation/re-equipment plan of Army, Navy and Air Force are approx. 43, 59 and 68 per cent, respectively, of the funds sought by them for the purpose. The Committee feel that rapid modernisation of the Armed Forces is necessary to keep pace with changing security needs and therefore, recommend that the allocation for Defence Services for the year 1997-98 should be enhanced adequately for meeting the various modernisation/re-equipment plans that have stagnated in the recent years.

Reply of the Government

The observations of the Committee that the amount allocated in the Defence Budget 1997-98 for modernisation/re-equipment plan of Army, Navy and Air Force are much less than the funds sought by them for the purpose and should be enhanced adequately have been forwarded to the Ministry of Finance for their consideration and necessary action.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

Recommendation (Sl. No. 4, Para No. 26)

The Committee also feel that for safeguarding the country's strategic interests, Defence spending in the country should be restored to the level of 3% of the GDP as was the case till 1989-90.

Reply of the Government

As already brought to the notice of the Committee, Ministry of Finance make final allocations for defence taking into consideration all relevant factors. The recommendation of the Committee has been conveyed to the Ministry of Finance.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

Recommendation (Sl. No. 5, Para No. 27)

The efforts made by DRDO in the field of Defence Research and Developmental Programmes, particularly progress made in the Integrated Guided Missile Development Programme, are commendable. The Committee feel that there is a need for stepping up allocations for DRDO to give thrust to its efforts to speed up pace of 10 years self-reliance plan. The Committee reiterate their earlier recommendation made in their Fourth Report (Tenth Lok Sabha) that allocations for DRDO should be progressively increased from the present level of 5.24% of the Defence Budget to about 10 per cent level by the year 2000 so as to fully gear up the DRDO to achieve desired objectives of self-reliance in critical Defence technologies and to meet the requirements of Defence Services.

Reply of the Government

The recommendation of the Committee that allocations for DRDO should be progressively increased to about 10 per cent level by the year 2000 has been communicated to the Ministry of Finance for their consideration and necessary action. It may, however, be further added that the requirements of DRDO are met taking into account their projections and progress of their projects keeping in view the overall resource allocations.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

Recommendation (Sl. No. 6, Para No. 29)

The Committee have been of the view that long term planning is of utmost necessity in case of Defence Projects and acquisitions. The Committee regret that the Eighth Defence Five Year Plan was never finalised. The Defence Ministry is functioning without any perspective planning. The main reasons for this situation is stated to be the absence of long term financial commitments for Defence planning by the Government. This is a sad state of affairs reflecting poorly on our higher level decision making system which cannot make financial commitments for the critical Defence sector even for a short time span of 5 years.

The Committee had in their Second Report—Eleventh lok Sabha desired that the Ninth Defence Plan for the period 1997–2002 be finalised on time. The Committee are not convinced by the reasons given by the Ministry of Defence for delay in finalisation of the Ninth Plan. The Committee, therefore, desire that the Ninth Defence Five Year Plan be finalised and concluded/approved without further delay with firm commitment of the Government for allocation of resources, so that the prioritised schemes of the Armed Forces could be completed without cost and time overruns.

Reply of the Government

The recommendations of the Committee have been taken note of and will receive earnest consideration whilst processing and finalising the matter.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

Comments of the Committee

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

Recommendation (Sl. No. 8, Para No. 33)

The Committee consider that missiles have become the key component of modern military machines and an idiom of a country's political and strategic diplomacy. The effective power of missiles has been demonstrated in the Gulf war and during the stand off between China and Taiwan in recent years.

Nearer home, China is a major missile power and is also the main source of missiles and allied technologies for Pakistan. With both these countries we have unsettled boundary disputes and hence is the need for greater attention to this aspect of our Defence preparedness.

Reply of the Government

India's missile programme has been planned keeping in view the threat posed by various missile systems inducted/likely to be inducted by our adversaries. Our missile technology and related technologies are being constantly upgraded to meet any situation likely to arise from the emerging geo-political and security environment.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

Comments of the Committee

Please see Para No. 11 of the Chapter I of the Report.

Recommendation (Sl. No. 9, Para No. 34)

Capabilities of a country take a long time to build up while the intentions of countries can change overnight. India can not forget that a number of high or low intensity wars were imposed on her during the 50 years since the Independence when she had to defend her territorial integrity. Therefore, India has no option but to continue to develop and upgrade its missile capabilities for deterrence against any adventurist intentions of a hostile country. The Committee reiterate their earlier recommendation made in their Sixth Report-Tenth Lok Sabha that the Government should review the Technology Demonstrator—Agni Missile Project to take it to its logical conclusion where it can contribute to the Defence and deterrence capabilities of the country.

Reply of the Government

The 'AGNI' re-entry technology demonstration project has been successfully completed. This has given the country an option to develop a missile system, capable of delivering a conventional pay load at higher ranges with a high accuracy. This 'AGNI' option has not been closed. The Government will take all the steps necessary to safeguard the security and territorial integrity of the country.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

Comments of the Committee

Please see Para No. 11 of the Chapter I of the Report.

Recommendation (Sl. No. 10, Para No. 36)

The Committee are concerned over the long delay in acquisition/development of medium calibre self-propelled guns which is a critical requirement of the Army. The Committee desire that the proposal for acquisition/development of this critically required equipment should be expeditiously finalised and adequate funds be made available for its acquisitions.

Reply of the Government

The option to procure lower calibre SP Gun and thereafter to upgrade it has not been found to be feasible as the upgradation was likely to take a period of about three years. It may be more worthwhile to consider an indigenous option that can produce similar results in the same time-frame. Hence the possibility of integration of selected imported turret with Arjun chassis is being explored. Army's projection for shortlisting of imported turrets with Arjun chassis is under examination.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL.)
dated 11.8.97]

Recommendation (Sl. Nos. 11 & 12, Para Nos. 41 & 42)

The Committee note that allotment of funds for meeting revenue/running expenses of Armed Forces Medical Services (AFMS) hospitals has been satisfactory but the modernisation of these hospitals has been accorded a very low priority as is evident from the fund allocations for this purpose during the last five years when it has varied from 10% to 27.46% of the projected requirement. As there is rapid obsolescence in medical field, it is necessary that continuous efforts are made to modernise and update the technologies in the hospitals under the AFMS by providing them the state-of-the-art equipment.

The Committee recommend that sufficient funds should be allocated for AFMS hospitals so that new constructions and projects and procurement of latest equipment could be taken up in time and proper medical and health care of serving personnel of the Armed Forces, ex-Servicemen and their families could be ensured.

Reply of the Government

A proposal was mooted up to modernise 127 Armed Forces Hospitals throughout the country at a total cost of Rs. 66.02 crores. It was decided at that time that 50% of the cost would be met by the three Services Hqrs. from their welfare fund and this share was to be released in favour of DGAFMS. Rest of 50% i.e. Rs. 33 crores was sought to be released from NDF. At the executive committee meeting of the NDF held on 10.1.96 under the Chairmanship of the then Prime Minister, Shri P.V. Narasimha Rao it was decided to release Rs. 33 crores for modernisation of Armed Forces Services Hospitals. Already Armed Forces Services has spent Rs. 16,14,43,224/- towards procurement of latest state-of-the-art equipment. An equal amount of Rs. 8,07,21,612/- has already been released to Armed Forces Services from the NDF. The year-wise details of equipment proposed for procurement during 9th Five year Plan (FY 1997-98 to FY 2001-02) are given at Annexure 'A'. The detailed list of equipments which were projected for procurement in FY 1996-97 and accepted by PP Dte and PF-3 but procurement could not be made and as such brought forward for procurement during FY 1997-98 is at Annexure 'B'. The list of equipment projected for procurement for FY 1996-97 and partly procured and paid, and the balance amount to be paid in FY 1997-98 is at Annexure 'C'. The items projected for FY 1997-98 as mentioned in Annexure 'A' does not include some of the items mentioned in Annexures 'B' and 'C'. This has been projected separately for inclusion in the budget for FY 1997-98. The budget requirement projected for above equipment does not include the amount projected for procurement for R&R hospital equipment. For procurement of R&R hospital separate projections were made. The following amount was earmarked for procurement of equipments to R&R hospital in three phases.

(a) FY 1995-96	Rs. 13.05 Cr.
(b) FY 1996-97	Rs. 14.53 Cr.
(c) FY 1997-98	Rs. 1.50 Cr.

Total	Rs.29.08 Cr.
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It is also confirmed that procurement of latest equipments is going on in full swing in the Armed Forces Services and the Army has already spent Rs. 9.61 cr. for the FY 1997-98.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL.)
dated 11.8.97]

Recommendation (Sl. No. 13, Para No. 48)

The Committee are extremely concerned to note the declining force levels of Navy due to inadequate allocation of funds. The Committee find that the Government have failed to keep up their commitments to the Defence of the country by not allotting sufficient funds for Naval acquisitions according to the Government's own 15 year perspective plan for the Navy. As a result of this neglect, the Navy has drifted to the present alarming situation. The Committee, therefore, strongly suggest the Government to draw a contingency plan to adequately equip the Navy in shortest possible time so that its force levels do not dwindle below the threshold necessary for the defence of the country.

Reply of the Government

Shortfall in Capital Budget (VIII Plan)

The Navy's total requirement of funds for expenditure during the VIII Plan (1992-97) was Rs. 23400/-crores. Against this Rs. 15315.32 crores were allocated, this resulted in a shortfall of Rs. 8084.68 crores which adversely affected Navy's various important projects.

Naval Budget 1997-98

Against the Navy's projection/requirement of Rs. 3507 crores for the year 1997-98 the Capital Budget provision of Rs. 1896 crores only have been made. This shortfall would undoubtedly have its impact on Navy's operational capabilities. Urgent augmentation of funds is extremely essential if the credence of such a large maritime nation is to be retained. The Naval Budget for the year 1997-98 is well below the Navy's projections. The existing Budget allocation is in itself just sufficient to maintain the existing force level with no scope for augmentation. The Naval Budget therefore is being operated under conditions of stringent economy and austerity.

IX Plan

Budgetary Projections : Defence expenditure as a percentage of GDP has gradually decreased from 4.04% in 1986-87 to 2.4% in 1996-97. Considering the past trend of defence expenditure as a percentage of GDP and the trends in our neighbouring countries, defence planners and experts have invariably recommended that our country's defence allocation of funds should at least be 3% of the GDP. It is quite likely that political compulsions may not permit this. However, allocation of funds of 2.8% of the GDP may be a more pragmatic approach. Therefore, this percentage of allocation of funds has been taken into consideration while forecasting the projections regarding the requirement of the Naval Budget.

Navy being a capital intensive Service, experts committees have recommended at least 18% to 30% of the total Defence Budget as Navy's share. Whereas presently Navy's share of the Defence Budget has been kept as low as 15% only.

Presently Navy's IXth Plan is under examination of the Government. The stated aim of the IX Plan, flowing from the framework of Navy' Fifteen Year Perspective Plan (1985-2000) is as under:

- (a) To arrest the decline in force level.
- (b) To attain the correct 'force mix' and architecture that will provide the Navy with a credible combat capability in conformity with the National objectives.
- (c) Providing further impetus to the indigenous production of weapon systems, sensors, National and Defence R&D.
- (d) Support National level objectives/missions in development of strategic systems and structure.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL.)
dated 11.8.97]

Recommendation (Sl. No. 14, Para No. 51)

The Committee note that the works on some Naval projects are not progressing as per schedule and major portion of amounts allocated for these projects could not be utilised due to non-finalisation of contracts/consultancy issues etc. The Committee also note the

substantial increase in the allocation at the Revised Estimates stage in case of some Naval Projects.

The Committee are not convinced by the arguments advanced by the Ministry of Defence for justifying non-utilisation of the funds. The resources of the country are scarce. The Ministry of Defence and the Navy have been complaining of inadequate allocation of funds and also have been pointing out their inability for taking up various projects due to non-availability of funds.

The Committee, therefore, reiterate their earlier recommendation made in their First Report—Eleventh Lok Sabha that the Ministry of Defence should take suitable steps to ensure proper utilisation of the resources allocated for new Naval projects and also to avoid cost and time overruns. The Committee would also like to impress on the Ministry of Defence the necessity of making realistic Budget/Revised Estimates so that the scarce resources of the country could be properly utilised.

Reply of the Government

The observations of the Committee made in their First Report—Eleventh Lok Sabha were noted. The variations in the Budget Estimates/Revised Estimates and actual expenditure had taken place inspite of the monitoring mechanism available in the Naval Headquarters. However, to prevent recurrence of such variations, steps are being taken.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL.)
dated 11.8.97]

Recommendation (Sl. No. 16, Para No. 59)

The Committee are of the view that in order to keep the Ordnance Factories production capacity at its optimum level, the store budget of the Ordnance Factories and issue budget of the Armed Forces specially Army should be enhanced commensurate with the priority requirement of items projected by the Defence Forces.

The Committee, apart from stressing the optimum utilisation of available resources, would also like the Ministry of Defence to impress upon the Ministry of Finance to ensure allocation adequate enough to maintain the chain of production in the Ordnance Factories so that the projected production targets for the Armed Forces could be met.

Reply of the Government

The observations of the Committee that the Store Budget of the Ordnance Factories and Issue Budget of the Armed Forces specially Army should be enhanced in order to keep the Ordnance Factories production capacity at its optimum level have been forwarded to the Ministry of Finance for their consideration and necessary action.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL.)
dated 11.8.97]

CHAPTER III

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

Recommendation (Sl. No. 7, Para No. 31)

The Committee are of the view that a career in the Armed Forces can not be compared with the other services. To make the Armed Forces a preferred career option, the Committee desire that in the new pay package, pay and allowances and other terms and conditions of service of the Armed Forces personnel should be made sufficiently attractive, and those who work in inhospitable conditions as in submarines, Siachen area etc., should be adequately compensated. The Committee also desire that keeping in view the distinct nature of work of the Armed Forces, the Government should examine the feasibility of appointing a separate pay commission for the Armed Forces personnel. The Committee are of the view that in the Empowered Committee appointed by the Government under the Chairmanship of Secretary (Expenditure), Ministry of Finance to screen the recommendations of the Fifth Pay Commission, a representative of the Armed Forces personnel should be included.

Reply of the Government

The Fifth Pay Commission has recommended a number of improvements in Pay and Allowances and other terms and conditions of the service of the Army. Salient features of the recommendations are indicated below:

- (a) Starting salary of Rs. 8,250/- p.m. for Commissioned Officers of the Armed Forces giving them an edge over the civil services for which starting salary of Rs. 8,000/- per month was recommended.
- (b) Personnel in group 'D' of Army be paid as per group 'C' pay scale without changing the existing system of trade groups.

- (c) Cadets during the period of training in Service Academies may be given a stipend of Rs. 8,000/- p.m. against the existing stipend of Rs. 1,500/- p.m.
- (d) Reduction of one year in periods specified for substantive promotion in respect of officers.
- (e) Increase in the reservation quota for ex-service personnel at the level of Ass~~st.~~ Commandants in Central Police Organisations from 10% to 25%.
- (f) Grant of Assured Career Promotion Scheme to Officers and personnel Below Officer Rank to provide financial upgradation delinked from vacancies.
- (g) Abolition of rank of Second Lieutenant.
- (h) Reduction in time taken for substantive promotion of Service Officers.
- (i) Increase in weightage in qualifying service for pension.
- (j) Substantial increase in rates of Compensation in lieu of quarters.
- (k) Increase in rates of risk related and other allowances.
- (l) Introduction of scheme of lateral entry into Central Police Organisations to provide a fuller career.
- (m) Introduction of liberal ex-gratia payment for casualties.
- (n) Scheme to grant near parity in pensions.
- (o) Enhanced percentages of reservation of posts in Government; and
- (p) Rationalisation of rules governing disability pension.

The Fifth Pay Commission has recommended that Submarine Allowance be enhanced from Rs. 15/- per day to Rs. 45/- per day for officers and from Rs. 5/- per day to Rs. 15/- per day for sailors.

The Fifth Pay Commission has also recommended that Siachen Allowance may be enhanced from the existing Rs. 1200/- per month

to Rs. 3,000/- per month for officers and from Rs. 800/- per month to Rs. 2,000/- per month for personnel below officers rank. It has also recommended around 35% increase in the Field Service Concessions. All other allowances of the Armed Forces have also been recommended for appropriate increase by the Fifth Pay Commission.

Regarding constitution of a separate Pay Commission for the Armed Forces, Deptt. of Personnel & Training has taken a view that if this demand is conceded, then employees of Union Territories and industrial employees would also demand separation from the Pay Commission. Since the Armed Forces themselves have not resented the Government decision to refer the conditions of service, salary structure etc., of the Armed Forces to be determined by the Central Pay Commission right from the Third Central Pay Commission and had in fact very closely interacted with the Fifth Central Pay Commission, the existing arrangements appear to be in order.

Regarding inclusion of the Armed Forces personnel in the Empowered Committee, appointed by the Government to screen the recommendations of the Fifth Pay Commission, it is the Cabinet which has constituted the Empowered Committee and has decided its composition.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

CHAPTER IV

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

Recommendation (Sl. No. 15, Para No. 56)

The Committee hold the view that loss of precious lives of our pilots and aircraft due to IAF aircraft accidents is unfortunate and must be avoided. Over the years though the number of cases of accidents involving IAF aircraft have been coming down, the Committee desire that no effort need to be spared to eliminate the causes of such accidents. The Committee are of the firm opinion that in order to improve training of IAF pilots so as to minimise the aircraft accidents due to human error, the Government should take steps for induction of Advanced Jet Trainer urgently and in a time bound manner, taking into consideration all the available options. The Committee hope that the expert Committee set up to recommend appropriate remedial measures for minimising aircraft accidents would submit its report on time and its recommendations would be implemented.

The Committee desire that the Ministry of Defence/Union Government should take some effective steps in cooperation with all concerned agencies to sanitize 10 KMs area around all IAF airports in the country. This would ensure that the birds which pose serious environmental hazard to the flying aircraft causing damage to them and in some cases even loss of aircraft risking the precious life of pilots, move away to other areas.

Reply of the Government

For the induction of 'Advanced Jet Trainer, commercial negotiations with the two short-listed vendors are continuing. Induction of AJT is projected for in 9th Plan.

The Expert Committee set up under the Chairmanship of SA to RM to identify the causes of aircraft accidents and to prepare comprehensive action plan to minimise losses is likely to finalise its

report soon. The recommendations of the Committee when received, will be considered.

Steps have already been taken by the Ministries of Agricultural and Urban Affairs and Employment and the concerned State Governments for modernisation of slaughter houses/carcass utilization centres and for sanitization of the areas around the bird prone airfields to reduce bird activities.

[Ministry of Defence O.M. No. H. 11019/3/97/D (PARL)
dated 11.8.97]

Comments of the Committee

Please see para No. 14 of the Chapter I of the Report.

CHAPTER V

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

—NIL—

NEW DELHI;
July 1, 1998

Asadha 10, 1920 (Saka)

SQN. LDR. KAMAL CHAUDHRY
Chairman,
Standing Committee on Defence.

ANNEXURE 'A'
(Please see page 11)

NEW SCHEMES, 9TH PLAN (1997-2002AD)—SUMMARY OF YEAR-WISE INDUCTION OF EQPT

Sl No.	Modernisation Scheme Egypt	1997-98			1998-99			1999-2000			2000-2001			2001-2002			Total		
		Qty	Cost/Unit	Cost (Cr)	Qty	Cost/Unit	Cost (Cr)	Qty	Cost/Unit	Cost (Cr)	Qty	Cost/Unit	Cost (Cr)	Qty	Cost/Unit	Cost (Cr)	Qty	Cost/Unit	Cost (Cr)
		IC	IC	IR	IC	IC	IR	IC	IC	IR	IC	IC	IR	IC	IC	IR	Qty	IC	FEE
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1.	MRU on Turn Key Basis				2	6	12										4		28
2.	Whole Body CT	3	4	12.00							3	5.32	15.96				6		27.96
3.	Ultra Sound Scanner	20	10	2.00													20		2.0
4.	Cardiac Scanner	3	0.73	2.20										5	1	5	8		7.20
5.	Dental x Ray	2	0.15	0.30				4	0.18	0.72				4	0.20	0.88	10		1.90
6.	Operation Theatre Table (Neuro Surgery)							10	0.15	1.50							10		1.50
7.	Laser Therapy System for Rehabilitation Centre				38	0.06	2.28										38		2.28

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
8.	Ophthalmic Laser										10	0.25	2.5				10		2.5
9.	Cath Laboratory Equipment										01	3.5	3.5				01		3.50
10.	Other Diagnostic Surgery Laboratory and special Equipment e.g. Athroscope Laproscope, composi Uterised analysers and Monitors etc		12.23				5.4			8.9			9.2			4.4			40.13
11.	Intensive Care Premature Baby Incubator							10	0.12	1.20							10		1.20
12.	Equipment AFMC Pure				5		1.10										0.5		1.10
13.	ND/Yag Laser Surgery	5	.25	1.25													0.5		1.25
14.	Operational Microscope (Ear, Nose, Throat, Neuro etc)	4	.30	1.20				08	.37	2.96				6	4	2.40	18		6.56
15.	Gamma Camera System	2	1.8	3.6				2	2.00	4.00							04		7.6
16.	ESWL				02	1.25	2.5										02		2.5
Total		39	34.78		47	23.28	23.28	34	19.28	19.28	14	31.16	31.16	19	28.68	28.68	153		137.18
Total all Scheme only fund			34.78			23.28	23.28		19.28	19.28		31.16	31.16		28.68	28.68			137.18

ANNEXURE 'B'

(Please see page 11)

EQPT PROPOSED FOR PROCUREMENT IN FINANCIAL YEAR 1996-97 BUT COULD NOT BE PROCURED & BROUGHT FORWARD FOR PROCUREMENT IN FINANCIAL YEAR 1997-98

Indent No.	PV No	Item	Qty	E. Rate	Estimated Value
1		Ultra Sound Scanner	18	560000	Rs. 1,00,80,000.00
2		Color Doppler Echocardiography	3	8807400	Rs. 2,64,22,200.00
3		Haemodialysis Machine	8	892660	Rs. 71,41,280.00
4		Elec Hydro Ortho Table	5	2843804	Rs. 1,42,19,020.00
5		Surg Microscope Neuro Surg	4	2143600	Rs. 85,74,400.00
6		Central Monitoring Station	6	1460473	Rs. 87,62,838
7		Ophthalmic Laser	1	2169724	Rs. 21,69,724.00
8		Phillips Mobile Image Intensifier	1	5162880	Rs. 51,62,880.00
9		X-Ray Panoramic Dental	2	854000	Rs. 17,08,00.00
10		Operating Arthroscop		4247810	Rs. 42,47,810.00
11		Sirecon Image Intensifier TV		1537450	Rs. 15,37,450.00
12		Elisa Reader	52	290000	Rs. 1,53,00,000.00

ANNEXURE 'C'

(Please see page 11)

**EQPT PARTLY PROCURED & PAID DURING FIN YEAR 1996-97 & BALANCE
AMOUNT TO BE PAID IN 1997-98**

Sl. No.	AT No	Date	Name	DDP	Cost(excl st)	Paid	Balance
1	802	31.5.96	(Cobalt Tele Therapy System)	31.12.96	5,21,59,515	3,69,87,205	1,51,72,310.00
2.	846	26.7.96	Operating Microscope RSC	31.1.97	84,34,999.00	84,34,999	NIL
3.	876	20.11.96	Computerised Stress Test System	15.2.97	46,50,153.00	27,90,092	18,60,061.00
4.	877	20.11.96	Laprosopic Cholecystectomy	31.1.97	71,81,505.00	71,33,628	47,877.00

APPENDIX I

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON DEFENCE (1998-99)

The Committee sat on Thursday, the 25th June, 1998 from 1000 hrs. to 1330 hrs.

PRESENT

Sqn. Ldr. Kamal Chaudhry — *Chairman*

MEMBERS

Lok Sabha

2. Smt. Bhavnaben K. Dave
3. Shri Shanta Kumar
4. Shri Bachi Singh Rawat
5. Shri Sohanveer Singh
6. Shri Parvathaneni Upendra
7. Smt. Surya Kanta Patil
8. Shri Arvind Tulshiram Kamble
9. Col. Sona Ram Choudhary
10. Shri Ram Narain Meena
11. Shri Gajendra Singh Rajukhedi
12. Shri A. Venkatesh Naik
13. Shri Hannan Mollah
14. Shri S. Ajayakumar
15. Shri Pradeep Kumar Yadav
16. Smt. Reena Chaudhary
17. Shri V. Sathiamoorthy
18. Shri Indrajit Gupta

19. Shri Madhukar Sirpotdar
20. Shri Promotes Mukherjee
21. Shri Ramachandran N. Gingee
22. Dr. Subramanian Swamy

Rajya Sabha

23. Shri V.N. Gadgil
24. Shri V. Kishore Chandra S. Deo
25. Shri S.S. Ahluwalia
26. Shri K.R. Malkani
27. Prof. Ram Kapse
28. Shri Narain Prasad Gupta
29. Shri A. Vijaya Raghavan
30. Shri Adhik Shirodkar
31. Dr. Raja Ramanna

SECRETARIAT

- | | | |
|--------------------|---|---------------------------|
| 1. Shri V.N. Gaur | — | <i>Director</i> |
| 2. Shri K.D. Muley | — | <i>Assistant Director</i> |

**	**	**
**	**	**

3. The Committee considered the draft Report on action taken by Government on recommendations contained in the Fifth Report of the Committee (Eleventh Lok Sabha) on Demands for Grants of Ministry of Defence for the year 1997-98. The Chairman invited Members to offer their suggestions for incorporation into the draft Report. The Members suggested certain additions/modifications/amendments and desired that the same may be suitably incorporated into the body of the Report. The draft Report was then adopted.

4. The Committee authorised the Chairman to finalise the Report in the light of verbal and consequential changes and present the same to Parliament.

**	**	**
**	**	**

The Committee then adjourned.

APPENDIX II

Analysis of the Action Taken by Government on the recommendations contained in the Fifth Report of the Standing Committee on Defence (Eleventh Lok Sabha) on the Demands for Grants of the Ministry of Defence for the year 1997-98.

		<i>Percentage of Total</i>
(i) Total number of recommendations	16	
(ii) Recommendations/Observations which have been accepted by Government (<i>vide</i> recommendations at Sl. Nos. 1 to 6, 8 to 14 and 16)	14	87.50
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (<i>vide</i> recommendation at Sl. No. 7)	1	6.25
(iv) Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee (<i>vide</i> recommendation at Sl. No. 15)	1	6.25
(v) Recommendations/Observations in respect of which final replies of Government are still awaited	Nil	Nil