

2

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

TWELFTH LOK SABHA

MINISTRY OF DEFENCE

**DEMANDS FOR GRANTS
(1998-99)**

SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 1998/Asadha, 1920 (Saka)

८
१४.३६५७४
४.२५३

SECOND REPORT
STANDING COMMITTEE ON DEFENCE
(1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS
(1998-99)

Presented to Lok Sabha on 9 July, 1998
Laid in Rajya Sabha on 9 July, 1998



LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

C.O.D. No. 16

Price : Rs. 20.00

PARLIAMENT LIBRARY
Central Govt. Publications
Address RC-30406(M)
Date..... 27/8/98.....

LC

328.3657R

N 8.2 f 3

© 1998 By Lok Sabha Secretariat

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Ninth Edition) and Printed by Jainco Art India, 13/10, W.E.A., Saraswati Marg, Karol Bagh, New Delhi-110005.

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE (1998-99)	(iii)
INTRODUCTION	(v)
REPORT	1
ANNEXURES	21
Minutes of the Sittings of the Committee Held on 11.6.1998, 24.6.1998, 25.6.1998 and 6.7.1998	32

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

Sqn. Ldr. Kamal Chaudhry — *Chairman*

MEMBERS

Lok Sabha

2. Shri Rajendrasinh Ghanshyamsinh Rana
3. Smt. Bhavnaben K. Dave
4. Shri Shanta Kumar
5. Shri Suresh Chandel
6. Shri Gaurishankar Chaturbhuj Bisen
7. Shri Dada Baburao Paranjpe
8. Shri Bachi Singh Rawat
9. Shri Sohanveer Singh
10. Shri Parvathaneni Upendra
11. Smt. Surya Kanta Patil
12. Shri Arvind Tulshiram Kamble
13. Shri Rajesh Pilot
14. Col. Sona Ram Choudhary
15. Shri Ram Narain Meena
16. Shri Gajendra Singh Rajukhedi
17. Shri A. Venkatesh Naik
18. Shri Hannan Mollah
19. Shri S. Ajayakumar
20. Shri Pradeep Kumar Yadav
21. Smt. Reena Chaudhary
22. Shri V. Sathiamoorthy
23. Shri Digvijay Singh

24. Shri Indrajit Gupta
25. Shri H.D. Devegowda
26. Shri Madhukar Sirpotdar
27. Shri Promothas Mukherjee
28. Shri Ramachandran N. Gingee
29. Dr. Subramanian Swamy
30. Shri Sultan Salahuddin Owaisi

Rajya Sabha

31. Shri V.N. Gadgil
32. Shri V. Kishore Chandra S. Deo
- ***33. Shri S.S. Ahluwalia
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*

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

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

*** Ceased to be 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 Second Report on Demands for Grants of the Ministry of Defence for the year 1998-99.

2. The Demands for Grants of the Ministry of Defence for the year 1998-99 were laid on the Table of the House on 4th June, 1998.

3. The Committee scrutinised the relevant documents, considered and finalised the list of points on the Demands for Grants of the Ministry of Defence for the year 1998-99 on 11th June, 1998 for seeking written information forming the basis for discussion with the representatives of the Ministry of Defence.

4. The Committee took evidence of the representatives of the Ministry of Defence on 24th & 25th June, 1998. The Committee considered and adopted the Report at their sitting held on 6th July, 1998.

5. The Committee wish to express their thanks to the officers of the Ministry of Defence for the co-operation extended by them in furnishing information in a very short span of time which they desired in connection with the examination of Demands for Grants of the Ministry for 1998-99 and for sharing with the Committee their views, perceptions concerning security, Defence capability, modernisation/upgradation programmes and re-equipment schemes and resource constraints which came up for discussion during evidence.

6. 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 7, 1998
Asadha 16, 1920 (Saka)

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

REPORT

General

(i) *Introductory*

Recent series of nuclear tests conducted by India and Pakistan have finally unveiled their nuclear status. As a consequence, the global nuclear order and the security paradigm within the sub-continent have been radically transformed. Nuclear deterrence as evidenced by the post World War-II era has apparently prevented military clash among the nuclear powers but the consequences of a nuclear war notwithstanding its minimal probability are unacceptable. Nuclear non-proliferation and universal nuclear disarmament, therefore, have to continue to be India's objectives even after developing the nuclear weapons.

2. The tensions and cross border hostilities have led to diversion of enormous resources over the years from the development sector to the unavoidable defence build up that people of the developing countries of the sub-continent can hardly afford. With the nuclear deterrence also a let up in conventional defence capabilities cannot be allowed, given the low intensity conflict India continues to face.

3. It is in this context that the Budget proposals of the Ministry of Defence for the year 1998-99 have been examined in the following paragraphs.

4. The Budget proposals of Ministry of Defence are contained in seven Demands for Grants *i.e.* Demand Nos. 17 to 23. Demand Nos. 17 and 18, known as Civil Demands for Grants of the Ministry of Defence, cater to the requirements for the civil expenditure of the Ministry of Defence and Demand Nos. 19 to 23 to the budgetary requirements of the Defence Services.

5. The budgetary requirements for the Defence Services are included in the following five Demands for Grants presented to Parliament :—

Demand No. 19, Defence Services—Army

Demand No. 20, Defence Services—Navy

Demand No. 21, Defence Services—Air Force

Demand No. 22, Defence Ordnance Factories

Demand No. 23, Capital Outlay on Defence Services.

6. The 'running' or 'operating' expenditure of the three Services and other Departments *viz.* Defence Research and Development Organisation (DRDO), Director General of Ordnance Factories (DGOF), Directorate General of Quality Assurance (DGQA), National Cadet Corps (NCC), Directorate General Aeronautical Quality Assurance (DGAQA) and Directorate of Standardisation, are provided under the first four Demands, which cater to the Revenue expenditure, while the fifth, *viz.*, Capital Outlay on Defence Services, caters to the expenditure incurred on building or acquiring durable assets. The first Demand (Defence Services—Army) caters to the Revenue expenditure of Army, NCC, R&D and DGQA.

7. The Revenue expenditure includes expenditure on Pay & Allowances, Transportation, Revenue Stores (like Ordnance stores, rations, petrol, oil and lubricants, spares, etc.) and supplies by Ordnance Factories, Revenue Works (which include maintenance of buildings, water and electricity charges, rents, rates and taxes etc.) and other miscellaneous expenditure. The Capital expenditure includes expenditure on land, construction works, plant and machinery, equipment, Naval Vessels, Dockyards etc. From 1987-88, expenditure on procurement of Aircraft and Aero-engines is shown as Capital expenditure. From the same year, expenditure on procurement of Heavy and Medium Vehicles as well as other Equipment, which have a unit value of Rs. 2 lakhs and above and a life span of 7 years or more is shown as Capital expenditure.

8. Approval of Parliament is taken for the 'gross' expenditure provision under different Demands for Grants. Receipts and Recoveries, which include items like sale proceeds of surplus/ obsolete stores, receipts on account of services rendered to State Governments/other Ministries, etc. and other miscellaneous items are deducted from the gross expenditure to arrive at the net expenditure on Defence Services. What is accepted in common parlance as the Defence Budget is the net expenditure thus arrived at for the five Demands, *viz.* Demand Nos. 19 to 23.

(ii) *Budget Estimates 1998-99 of Defence Services*

9. The Budget Estimates of the Defence Services for the year 1998-99, as compared with the Budget and Revised Estimates for

1997-98 and the actual expenditure during the year 1996-97, are summarised below :

(Rs. in crores)

		Actuals 1996-97	Budget Estimates 1997-98	Revised Estimates 1997-98	Budget Estimates 1998-99
REVENUE EXPENDITURE					
Gross Expenditure	Voted	22029.95	24123.24	27785.69	32011.41
	Charged	6.90	14.02	19.02	13.96
	Total	22036.85	24137.26 +3620.00*	27804.71	32025.37
Receipt & Recoveries		1040.19	1044.26	1002.71	1185.05
Net Revenue		20996.66	23093.00 +3620.00*	26802.00	30840.32
CAPITAL EXPENDITURE					
Gross Expenditure:	Voted	8506.47	8900.64	9281.64	10352.92
	Charged	1.95	6.36	15.36	6.76
	Total	8508.42	8907.00	9297.00	10359.68
Recoveries on Capital account		-	-	-	-
Net Capital Expenditure		8508.42	8907.00	9297.00	10359.68
Net Revenue & Capital Expenditure		29505.08	32000.00 +3620.00*	36099.00	41200.00

* Provision is made for implementation of 5th Pay Commission: Report to cover additional expenditure on Pay and Allowances and retirement benefits of Defence Services Personnel including Defence Civilians of all the Services and Departments.

(iii) Civil Estimates of the Ministry of Defence

10. The requirements for the Civil expenditure of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores

Department, Defence Estates Organisation etc., including share Capital contributions made/loans advanced to Defence Public Sector Undertakings and Defence Pensions, are provided for in two separate Civil Demands for Grants of the Ministry of Defence. These are not included in the overall Defence Allocation of Rs. 41200.00 crores in 1998-99. The requirements of the Coast Guard Organisation and the Border Roads Organisation are provided for by the Department of Revenue and the Ministry of Surface Transport, respectively. With effect from 1.4.96, provision for the Defence Estates Organisation has been made in the Civil Estimates of the Ministry of Defence, which was catered for under the Demand relating to Army, earlier.

11. The provisions in 1997-98 and 1998-99 under Demand No.17 are given below :

		(Rs. in crores)		
		BE	RE	BE
		1997-98	1997-98	1998-99
Gross Revenue		2382.66	2717.41	2997.32
Capital		27.34	19.51	31.67
Gross Expenditure		2410.00	2736.92	3028.99
Receipts (CSD)		(-)2120.00	(-)2407.47	(-)2767.47
Amount met from N.R.F.		(-)	(-) 5.50	(-) 2.50
Net Expenditure		290.00	323.95	259.02

(Break up given in Annexure-VII)

The major components of gross Revenue expenditure in Revised Estimates 1997-98 are CSD (Rs. 2334.79 crores), Defence Accounts Department (Rs. 313.32 crores), Defence Estates Organisation (DEO)

(Rs. 31.54 crores) and Ministry of Defence Secretariat (Rs. 24.82 crores). In the Capital outlay of Rs. 19.51 crores in Revised Estimates 1997-98, the major allocations are for the Capital Outlay on Housing/Office Buildings (Rs. 17.99 crores) and Miscellaneous Loans for URC by CSD etc. (Rs. 1.52 crores).

12. The provisions for Defence Pensions and other retirement benefits in 1997-98 and 1998-99 under Demand No.18 are as under :-

	(Rs. in crores)		
	BE 1997-98	RE 1997-98	BE 1998-99
Pension and other Retirement benefits	3715.00	4947.42	5923.58

(Break up given in Annexure-VIII)

(iv) Analysis of Defence Services Estimates

13. The main features arising out of an analysis of the Defence Services Estimates for the year 1998-99, in general, are dealt with the succeeding paragraphs.

Allocations for 1997-98

14. As indicated in the General Budget, the provision for Defence Services under Demand Nos. 19 to 23 for 1997-98 in the Budget Estimates (BE) was Rs. 35620.00 crores including Rs. 3620.00 crores provided for implementation of 5th Pay Commission Report and that in the Revised Estimates (RE) is Rs. 36099.00 crores. There is an increase of Rs. 479 crores in the RE 1997-98 over BE 1997-98 and a percentage increase of 1.34%. Compared to the actuals of 1996-97, (Rs. 29505.07 crores), the R.E. for 1997-98 shows an increase of Rs. 6593.93 crores and a percentage increase of 22.35%.

The Demand-wise position is as under :—

(Rupees in crores)

Demand	BE 1997-98	RE 1997-98
1. Army (Revenue expdr. of Army, NCC, R&D and DGQA)	15894.45 <u>3620.00*</u> 19514.45	18669.53
2. Navy (Revenue expdr. of Navy)	2301.15	2478.76
3. Air Force (Revenue expdr. of Air Force)	4979.00	5346.00
4. Defence Ordnance Factories (Revenue expdr. of Ord. Factories)	962.66	1310.42
5. Capital Outlay on Defence Services (Capital expdr. of all Services/Depts.)	8907.00	9297.00
Total Gross Expenditure	36664.26	37101.71
Receipts/Recoveries	(-)1044.26	(-)1002.71
Total (Net)	35620.00	36099.00

A lump sum provision of Rs. 3620.00 crores was made under Army Grant for Implementation of 5th CPC.

15. Out of the Revised Estimates of Rs. 36099.00 crores for 1997-98, the provision for Revenue expenditure is Rs. 26802.00 crores, while that for Capital expenditure is Rs. 9297.00 crores. The major components of the net Capital expenditure are Land—Rs. 37.10 crores, Works Rs. 1364.49 crores, Aircraft Rs. 3737.56 crores, Heavy and Medium Vehicles—Rs. 139.77 crores, Other Equipment—Rs. 1936.95 crores,

Naval Fleet—Rs. 1789.78 crores, Machinery and Equipment for Ordnance Factories—Rs. 90.00 crores and other items—Rs. 201.95 crores.

Allocations for 1998-99

16. The Budget Estimates for 1998-99 work out to Rs. 42385.05 crores (Gross) and Rs. 41200.00 crores (Net).

The Demand-wise position is as under :

Demand	RE 1997-98	BE 1998-99
1. Army (Revenue expdr. of Army, NCC,R&D and DGQA)	18669.53	21867.10
2. Navy (Revenue expdr. of Navy)	2478.76	2968.48
3. Air Force (Revenue expdr. of Air Force)	5346.00	5905.60
4. Defence Ordnance Factories (Revenue expdr. of Ord. Fact.)	1310.42	1284.19
5. Capital Outlay on Defence Services (Capital expdr. of all Services Depts.)	9297.00	10359.68
Total Gross Expenditure	37101.71	42385.05
Receipts/ Recoveries	(-)1002.71	(-) 1185.05
Total (Net)	36099.00	41200.00

17. A comparison of the Service/Department-wise allocations in R.E. 1997-98 and B.E. 1998-99 is given below :

(Rupees in crores)

Service* Dept.	R.E. 1997-98	%age of Total Budget	B.E. 1998-99	%age of Total Budget	DETAILS SHOWN IN
Army	18973.40	52.56%	22258.50	54.02%	ANNEXURE-I
Navy	4772.88	13.22%	5976.07	14.51%	ANNEXURE-II
Air Force	9153.15	25.36%	9400.92	22.82%	ANNEXURE-III
DCOF	964.18	2.67%	819.61	1.99%	ANNEXURE-IV
R&D	1989.00	5.51%	2469.80	5.99%	ANNEXURE-V
DCQA	246.79	0.68%	275.10	0.67%	ANNEXURE-VI
Total	36099.00	100%	41200.00	100%	

(Net Revenue plus Capital provision has been shown here.)

Category-wise break up

18. The Gross Revenue Expenditure in the Budget Estimates for 1998-99 is 75.56% as compared to 74.94% in the Revised Estimates 1997-98. The Gross Capital Expenditure in the Budget Estimates 1998-99 is 24.44% as against 25.06% in the Revised Estimates 1997-98.

The Net Revenue expenditure in the Budget Estimates for 1998-99 is 74.86% as compared to 74.25% in the Revised Estimates, 1997-98. The Net Capital expenditure in the Budget Estimates 1998-99 is 25.14% as against 25.75% in the Revised Estimates 1997-98.

Growth of Defence Expenditure vis-a-vis other Economic Parameters

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

Year	Def. Exp. as% age of Central Govt. Expd.	Def. Exp. as %age of GDP
1985-86	16.10	3.05
1986-87	17.55	3.58
1987-88	18.39	3.59
1988-89	17.81	3.37
1989-90	15.52	3.16
1990-91	14.65	2.88
1991-92	14.67	2.65
1992-93	14.34	2.49
1993-94	15.40	2.69
1994-95	14.46	2.41
1995-96	15.06	2.40
1996-97	14.68	2.31
1997-98 (RE)	15.34	-
1998-99 (BE)	15.38	-

(v) Projection/Allocation of funds for Services

20. The Ministry of Defence had recommended a total provision of Rs.43721.25 crores for 1998-99 for Defence after detailed consultation with Services HQrs./Departments. Of this Rs.32618.18 crores were under Revenue and Rs.11103.07 crores under Capital.

21. Ministry of Finance, however, allocated Rs. 41200 crores against the Ministry of Defence's recommendation with a provision of Rs. 30840.32 crores in Revenue and Rs. 10359.68 crores in Capital.

22. The Ministry of Defence recommended a total provision of Rs.11103.07 crores under Capital Outlay after detailed consultation with Service HQrs./Depts. This included Rs. 9485.70 crores for ongoing/committed schemes and new schemes under modernisation and Rs. 735.06 crores for various land, works, programmes etc. of the three Defence Services and balance Rs. 882.31 crores for Other Departments viz. DGOF, R&D and DGQA. Against this, a total of Rs. 10359.68 crores have been allocated by the Ministry of Finance.

23. The Service-wise/Department-wise position is given as under:

(Rupees in crores)

Service/ Department	As recommended by MOD	As allocated by MOF
<i>Army</i>		
Modernisation	2860.62	2297.22
Heads		
Land, Works etc.	471.53	471.53
Sub Total	3332.15	2768.75
<i>Navy</i>		
Modernisation	2983.25	2964.27
Heads		
Land, Works etc.	87.58	87.58
Sub Total	3070.83	3051.85
<i>Air Force</i>		
Modernisation	3641.83	3500.87
Heads		
Land, Works etc.	175.95	175.95
Sub Total	3817.78	3676.82
Total (Army, Navy & AF)	10220.76	9497.42
DGOF	155.26	155.26
R & D	720.05	700.00
DGQA	7.00	7.00
Grand Total	11103.07	10359.68

24. The Committee note that total defence allocation for the year 1998-99 has been pegged at Rs.41,200 crores, an increase of 14.13% over the Revised Estimates 1997-98. The hike in defence budget is just about enough to meet the outflow of the Fifth Pay Commission recommendations which is estimated to be 10 per cent of the B.E. and general inflation of about 6 per cent. The rupee devaluation has further eroded budget capacity. Thus in real terms the provision for items other than salaries & allowances in the defence budget has remained static, if not reduced. In terms of percentage of GDP also the defence budget has been stagnating at 2.4 per cent over the last decade. This low level of funding is totally insufficient to meet crucial requirements including modernisation of Armed Forces. This Committee in the preceding years also emphasised that in the interest of the security of the country defence spending should be raised atleast to the level of 3 per cent of the GDP.

Keeping in view the current security environment in the region, the Committee feel that as reflected by the budget allocations the defence of the country is yet to receive the due priority it deserves from the Government. The Committee, therefore, desire that Government should accord high priority to the defence sector and budget allocation for the year 1998-99 should be enhanced adequately so that various modernisation and upgradation schemes which are on anvil and are vital for the defence preparedness of the country are not hampered.

25. While recommending the budget allocations proposed for the year 1998-99 for the Ministry of Defence, the Committee feel that for the optimum utilisation of budget allocations and to avoid time and cost overruns both in acquisition of equipment as well as in manufacturing and research projects, it is of utmost importance that a mechanism is evolved for taking quick decisions in such matters. The need for reform in procedure has become more critical in the present scenario when restrictions have been imposed on acquiring latest technology and equipment from abroad. In the area of according financial sanctions there is considerable scope for rationalisation of procedures being followed at present in the Ministry, D.R.D.O. and the Services. The Committee, therefore, recommend to the Government to initiate steps in this regard immediately.

26. The Committee also note that the budget allocation for DGQA during 1998-99 is Rs.275.10 crore. There has been an increase of Rs.54.44 crore therein as compared to B.E. 1997-98. The Committee desire the Ministry of Defence to critically examine the functioning and role of DGQA and other similar organisations in the Ministry so as to reduce the expenditure by restricting their presence only in very essential activities.

Married Accommodation for Other Ranks in Army

27. Army Capital Works caters for construction of married accommodation for Officers, Junior Commissioned Officers (JCOs) and Other Ranks (ORs) as well as for construction of the other than married accommodation, comprising administrative, technical & storage accommodation, single living accommodation, training establishments, Military hospitals, laboratories, ammunition depots and external services. The total allocation for this purpose in the current financial year (1998-99) is Rs.440 crores.

28. The overall deficiency of married accommodation for Officers, JCOs and ORs in Army was estimated to be Rs.3500 crores at 1991 price level. At present, the authorised married accommodation for Officers is 38700 units. As against this, 28637 units are available. The authorisation of married accommodation for ORs of major Army units comprising Infantry, Artillery, Armoured Corps, Engineers, Signals etc. is 2,09,000 units. As against this, a total of 1,64,014 units have been built.

The deficiency of married accommodation is being made up to some extent by hiring private accommodation. Personnel borne on the authorised married establishments are paid compensation in lieu of quarters as per the prescribed rates.

29. The Committee have been informed that due to budget constraints it has not been possible to provide the required funds for construction of married accommodation. Efforts are being made to make up the deficiency of married accommodation for ORs in a phased manner. The authorisation of married accommodation for ORs of the Army had been 14 per cent. It has recently been enhanced to 35 per cent. During the evidence, the Defence Secretary assured the Committee that the Ministry will try to achieve the target of 35 per cent within the next five years.

30. The Committee note with concern the deficiency of married accommodation in Army particularly in respect of Other Ranks (ORs). The authorisation of married accommodation for ORs in the Army had been 14 per cent and the accommodation actually built/available was 78 per cent of the authorisation i.e. for about 11 per cent of the strength. The authorisation has recently been enhanced to 35 per cent and the Ministry propose to achieve the target within the next five years.

The Committee are not satisfied with mere raising of the authorisation to 35 per cent when the Government have not been able to achieve even the authorisation of 14 per cent. In 1991, the estimated cost of providing married accommodation to all ranks as per authorisation was Rs. 3500 crores which would become more than double by the time constructions are completed. At the present rate of funding *viz.* Rs. 176 crores per year approximately, it is very unlikely that the target can be achieved within a span of five years as assured by the Ministry during the evidence.

Housing being one of the basic necessities, the Committee strongly recommend that sufficient funds should be allocated for Army Capital Works for construction of married accommodation for the serving Army personnel particularly the ORs, so that the target in this regard could be achieved within five years.

Defence Research and Development

31. The Department of Defence Research and Development is engaged in progressively enhancing self-reliance in Defence Systems through design and development, leading to production of state-of-the-art sensors, platforms, weapon systems and equipment in accordance with the requirements laid down by the three Services. The Government had approved 10 years plan for enhancing self-reliance level in meeting the requirements of our Armed Forces. The objective of the plan was to raise the self-reliance index (ratio of yearly defence acquisitions from indigenous sources to total defence acquisitions) from estimated 0.3 value (1993 level) to a possible 0.7 value by the year 2005. Implementation of the plan had required budgetary allocation progressively increased to about 10 per cent of the Defence Budget during 1998-99/1999-2000. However, the allocation of funds to the DRDO has been below 6 per cent. In the Defence Budget,

1998-99, the DRDO had projected its requirement of the level of 2791.64 crores. The actual allocation is 11.53 per cent lower than the projections made.

32. During evidence before the Committee, the Secretary (DR&D) stated that they had asked for about 8 per cent budget provision during the current year. He further added :

"We believe that if we are getting another one to one-and-a-half per cent more, we will be very comfortable. Positively by 1999 or by 2000, we are looking for about 8.5 per cent."

33. The DRDO has been making commendable efforts in the field of defence research and development programmes with a view to indigenising key technologies. In their Fourth Report (10th Lok Sabha) and also in subsequent reports, the Committee have been recommending that allocation for DRDO should be progressively increased to about 10 per cent level by the year 2000 so as to fully gear up the DRDO to achieve the desired objectives of self-reliance in critical defence technologies and to meet the requirements of Defence Services. The Ministry had also stated earlier that they planned to raise DRDO allocation to 10 per cent of the budget by the year 2000. However, the DRDO budget was enhanced (by 0.10%) to 5.1% in 1995-96, reduced (by 0.16%) to 4.94% in 1996-97, enhanced (by 0.57%) to 5.51% in 1997-98 and now enhanced (by 0.48%) to 5.99% of Defence Budget in 1998-99. This is highly unsatisfactory pace of enhancement in the budget of the DRDO keeping in view the increasing restrictions on inflow of state-of-the-art technologies for crucial areas of defence sector. The Committee, therefore, strongly recommend raising of the DRDO share in the defence budget to 10 per cent by the year 2000 as earlier planned by the Ministry. This process may start from the current year itself by raising the current year allocation to the level of 8 per cent so that indigenisation efforts of DRDO do not suffer for want of funds.

The Committee desire that the DRDO may make all efforts to co-ordinate the scientific and technological resources available in non-defence laboratories and institutions of the country and mount a national programme to accelerate not only its existing programmes of indigenisation but also to indigenise other critical Defence technologies.

Force Level of Navy

34. The Asia-Pacific is today one of the fastest growing region. The responsibility of the Indian Navy has increased with the expansion of sea borne trade and fishing and the growth of our activities in the Exclusive Economic Zone (EEZ) particularly in the field of oil extraction. On the other hand, the Naval fleet has not been able to keep pace with the requirements mostly on account of resource crunch. The Indian Navy's inventory of ships, frigates, submarines etc. has been on decline. The Committee have been informed that the Government had sanctioned some projects for indigenous construction and import of ships, frigates, submarines etc. during 1997-98 and more negotiations are going on. In the Defence Budget, 1998-99, an allocation of Rs.41.96 crores has been made for new schemes of modernisation and upgradation for Navy.

35. On being enquired about the reasons for very low allocation for new schemes for modernisation and upgradation of Navy during 1998-99, the Defence Secretary stated that the basic upgradation of the Navy had already been done during the last year. Therefore, this year the amount allocated is less.

36. The Committee are of the view that to defend our long coast lines and maritime interests, and with the expected fast growth in the use of sea lanes, the responsibility of the Indian Navy will increase substantially during the coming years. The growing interest and presence of major powers in the Indian Ocean are going to put additional demands on the Indian Navy. In such a scenario only a Navy with a proven capability would be in a position to protect country's strategic and economic interests.

The Committee note with concern that the inventory of ships, frigates, submarines etc. of Indian Navy has been on decline for about a decade due to low allocation of funds by the Government. Though the Government have now initiated corrective action by sanctioning a number of new projects during 1997-98, it is a fact that the investment in the capital projects of the Navy has been neglected for a very long time. Recognising an imperative need for a sustained capital investment in the Indian Navy, the Committee recommend to the Government to take action to make available

adequate funds for new projects on sustained basis for the Indian Navy so as to bring up this arm of Defence Forces to a level where it can discharge its obligations with full confidence.

Development of Light Combat Aircraft (LCA)

37. The LCA project was sanctioned in 1983 with an original cost estimates of Rs.560.00 crores. The first flight was scheduled to be in 1991. The cost was later revised to Rs.2188.00 crores in June, 1993 with revised schedule for the first flight in June, 1996. Subsequently first flight test of the light combat aircraft was scheduled for early 1997. It has been stated by the Ministry that the development flight testing of LCA has now been planned in the first half of 1999. There is however no change in the schedule to induct LCA in IAF by 2003.

38. The Ministry of Defence have stated that the indigenously developed first Light Combat Aircraft (LCA) is undergoing engine ground run and other safety of flight tests for undertaking its maiden flight. The second LCA is in the final stage of assembly. In a limited area of flight control, there is a joint development between a US firm and Aeronautical Development Agency (ADA). There is a US sanction and a national team has been formed to combat the situation and make LCA ready for user services as planned.

39. The Committee note that there have already been considerable time and cost overruns on the development of the LCA. As the prototype of the LCA is yet to fly, the Committee do not find the reasons given by the Ministry convincing so as to satisfy themselves that the scheduled induction of the LCA by 2003 into the IAF would be possible.

The Committee recommend that all out efforts be made to meet the situation created by restrictions on getting hardware and technology inputs for the LCA project. If necessary, the Ministry of Defence may make additional funds available to ensure timely completion of the project.

Modernisation of The MiG Fleet of Aircraft

40. The Ministry of Defence have stated that keeping in view its vintage avionics, sensors and weapons, as also lack of self protection system, it was considered that the MiG-21 Bis aircraft would be hard

put to survive, let alone fight effectively in a futuristic battle scenario. Government therefore decided to upgrade the MiG-21 Bis aircraft and a contract for this was signed in March, 1996. Russians are the prime contractors. It is proposed to upgrade 125 aircraft. At present two aircraft are undergoing design & development phase in Russia, flight testing of which is to commence soon. Series upgradation of 123 aircraft is to be carried out subsequently. Apart from upgradation of avionics, radars and weapon systems of the aircraft, total technical life of the aircraft is also expected to be increased. The upgradation is expected to be completed by 2003.

41. The Ministry of Defence have stated during evidence that the MiG-21 aircraft are expected to be in operation till 2010.

42. The Committee feel that the modernisation of the MiG fleet of aircraft is very essential to maintain the operational preparedness and combat worthiness of the ageing IAF fleet. The Committee, therefore, strongly recommend that the MOD should give utmost priority to these programmes and ensure that progress on the same is not hampered due to lack of funds.

Acquisition of SU-30 Aircraft from Russia

43. A contract has been concluded for procurement of 40 SU-30 aircraft from Russia. 8 SU-30 K aircraft have already been received in April/May 1997. The remaining aircraft are to be delivered as follows :

- 10 SU-30 MK I - latter half of 1998
- 12 SU-30 MK II - latter half of 1999
- 10 SU-30 MK III - latter half of 2000

The Ministry of Defence have stated that some further delay in the delivery of remaining SU-30 MK aircraft is expected due to the likely delay in the supply of avionics by the vendors from the Western countries. Some delay also occurred due to prolonged negotiations with western vendors to finalise the price and other conditions.

44. The Committee desire that all necessary steps be taken to overcome hurdles in the acquisition of remaining SU-30 aircraft in order to strengthen the IAF to counter any potential threat to the security of the country.

Modernisation of Ordnance Factories

45. Regarding the state of technology in the Ordnance Factories, the Ministry of Defence have stated that the scenario of a large number of Ordnance Factories still having almost century old machinery has since changed and most of the machines have already been replaced during sixties onwards. However old machinery of sixties vintage which are still working and not replaced so far are now planned to be replaced during 9th Plan period at an estimated cost of Rs.800 crores and similar level of investment during 10th Plan period. The Ministry is working according to a 15-year plan ending at the year 2005. So far projects worth about Rs. 1800 crores have been completed on renewals and replacements and new capital equipment. Another Rs. 200 crores to Rs.300 crores worth of projects are underway. Over the next seven years, about Rs. 1500 crores have been planned taking the total to about Rs. 4300 crores over a 15-year period. Out of this amount Rs. 1500 crores would be on renewals and replacements. The balance of Rs. 2800 crores would be on new capital investments. The Ministry anticipates the requirement of another Rs.1000 or Rs. 2000 crores, over and above that amount for modernising the Ordnance Factories.

46. The Committee note that 41% of the equipment in Ordnance Factories is of the sixties vintage. Therefore, there is an urgent need to modernise the Ordnance Factories. The Committee note that after a long gap of almost 20 years the Ministry of Defence have constituted a Committee of four experts to prepare a scheme for modernisation and that Rs.800 crores have been earmarked for this purpose in the 9th Plan.

The Committee recommend that in order to increase the productivity in the Ordnance Factories, steps should be taken for modernisation of the equipment, production process and management structure. For this a large amount of allocation on renewals/replacements and on the capital account has to be made in the coming years.

Modernisation of Electronic Technology

47. Modernisation of electronic technology, especially pertaining to computers and computer based systems has rapidly progressed and provided extensive facilities for routine administration & logistic functions at various levels in the Armed Forces. The technology of

Automation though started in the late 70s in the Services was given a thrust in the Eighth Plan.

48. During the course of discussions with the Ministry of Defence, it came to light that one area in which we were totally dependent on the foreign suppliers was in the field of integrated semi-conductors.

During evidence the Secretary, Defence Production stated :

"This is a sector in which Bharat Electronics is facing sanctions today. That is where our production is suffering. At a recent meet of the Ministry of Defence and CII, the point was highlighted that there has got to be investment of around Rs.4000 to Rs.5000 crores through a concerted action by the Government and the industry on totally modern and current semi-conductor facilities in this country."

49. The Committee note that there is no sizeable semi-conductor facility in the country. Modernisation of the Armed Forces may suffer on account of the non-availability of semi-conductors in the event of sanctions being imposed on such electronic items. The Committee, therefore, recommend that the Government should make substantial investment in semi-conductor research, notwithstanding the high initial cost, to be self-reliant in this vital field of defence technology which would have spin offs for the civil sectors as well.

Replacement of Old Equipment/Vehicles

50. The Committee observe that the maintenance/running expenditure on a number of old equipment being used by the three Services is very high. Some types of vehicles being used by the three Services are guzzlers as far as fuel consumption is concerned.

51. The Committee desire that the Government should examine the feasibility of quick disposal of old equipment/vehicles having high maintenance/running expenditure and switching over to latest/modern ones with low maintenance/running expenditure, in a time-bound manner, as a measure to achieve the twin objectives of reducing the maintenance/running expenditure of the three Services and technological upgradation of Ordnance Factories.

Engagement of Combatants for Non-Combat Duties

52. It has come to the notice of the Committee that the services of Combatants are being utilised in non-combat activities like in CSD Canteens, military farms, stores and other places for which purpose they are not meant.

53. The Committee recommend that the practice of engaging combatants for non-combatant duties like in unit run canteens, military farms, stores and other places should be discouraged. The Committee further recommend that disabled combatants and ex-Servicemen may be deployed for such duties.

Delegation of Financial Power

54. During the evidence, it came to the notice of the Committee that the delegation of financial power in the Government of India is Rs.50 crores and any proposal for expenditure involving more than Rs.50 crores is required to be approved from the Cabinet. The majority of equipment required by the Armed Forces are quite expensive and often cost more than Rs.50 crores. The Ministry have to approach the Cabinet for approval quite frequently which causes delay in the acquisition of equipment required by the Armed Forces.

55. The Committee recommend that the Government may consider suitable enhancement in the financial power delegated to the Ministry of Defence so as to ensure the acquisition of equipment for the Armed Forces within the requisite time-frame.

NEW DELHI:
July 7, 1998

Asadh 16, 1920 (Saka)

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

ANNEXURE I

(Please see Para 17)

ARMY

(Rs. in Crores)

Minor Head (Revenue)	R.E. 97-98	B.E. 98-99
1	2	3
101—P&A—Army	7973.20	9045.52
103—P&A—Aux. Forces	77.15	84.86
104—P&A—Civilians	1001.02	1101.11
105—Transportation	401.35	441.49
106—Military Farms	103.20	113.52
110—Stores	5598.59	6860.45
111—Works	1228.68	1351.55
112—Rashtriya Rifles	239.07	262.98
113—National Cadet Corps.	174.21	191.07
800—Other Expdr.	332.00	367.20
Total Gross	17128.47	19819.75
Receipts/Recoveries	300.00	330.00
Total Net	16828.47	19489.75

1	2	3
Capital		
Land	23.35	25.38
Works	401.70	440.00
Aircraft	86.27	195.06
Vehicles	130.77	263.96
Other Eqpt.	1491.84	1838.20
Military Farms	2.50	2.50
Rolling Stock	8.00	2.25
Rashtriya Rifles	0.00	0.00
National Cadet Corps.	0.50	1.40
Stock suspense	0.00	0.00
Other Expdr.	0.00	0.00
Total Capital	2144.93	2768.75
Total Revenue/Capital	18973.40	22258.50

(Please see Para 17)

NAVY

(Rs. in Crores)

Minor Head (Revenue)	R.E. 1997-98	B.E. 1998-99
101—P&A—Navy	518.20	570.02
102—P&A—Reservists	0.00	0.00
104—P&A—Civilians	377.35	415.08
105—Transportation	58.90	64.79
110—Stores	965.00	1211.50
111—Works	227.45	244.04
800—Other Expdr.	331.86	463.05
Total Gross	2478.76	2968.48
Receipts/Recoveries	42.15	44.26
Total Net	2436.61	2924.22
Capital		
Land	9.75	2.50
Works	86.08	85.08
Aircraft	225.00	287.00
Vehicles	2.00	6.00
Other Eqpt.	61.00	190.00
Fleet	1789.18	2081.02
Dockyards	163.26	400.25
Total Capital	2336.27	3051.85
Total Revenue/Capital	4772.88	5976.07

(Please see Para 17)

AIR FORCE

(Rs. in Crores)

Minor Head (Revenue)	R.E. 1997-98	B.E. 1998-99
101—P&A—Air Force	1319.21	1451.13
104—P&A—Civilians	235.68	259.24
105—Transportation	92.40	101.64
110—Stores	3253.18	3603.50
111—Works	354.39	389.83
200—SPL. Projects	7.98	8.78
800—Other Expdr.	83.16	91.48
Total Gross	5346.00	5905.60
Receipts/Recoveries	165.00	181.50
Total Net	5181.00	5724.10
Capital		
Land	4.00	4.40
Works	127.83	140.61
Aircraft	3426.29	2708.18
Vehicles	7.00	3.00
Other Eqpt.	384.11	789.69
SPL. Projects	22.92	30.94
Total Capital	3972.15	3676.82
Total Revenue/Capital	9153.15	9400.92

ANNEXURE IV

(Please see Para 17)

DEFENCE ORDNANCE FACTORIES

(Rs. in Crores)

Minor Head (Revenue)	R.E. 1997-98	B.E. 1998-99
1	2	3
001—Direction & Admin.	26.67	35.60
.004—Research	3.70	5.69
053—Maint.-Mach. & Eqpt.	9.40	11.12
054—Manufacture	1400.15	1610.16
105—Transportation	34.00	43.85
110—Stores	2202.40	2674.12
111—Works	35.00	37.95
106—Renewal & Replacement	60.00	100.00
797—Transfer to R/R Fund	100.00	110.00
800—Other Expdr.	290.10	340.70
*Supplies to Services	2851.00	3685.00
Total Gross	1310.42	1284.19
Receipts/Recoveries	486.11	619.84
Total Net	824.31	664.35

(Please see Para 17)

AIR FORCE

(Rs. in Crores)

Minor Head (Revenue)	R.E. 1997-98	B.E. 1998-99
101—P&A—Air Force	1319.21	1451.13
104—P&A—Civilians	235.68	259.24
105—Transportation	92.40	101.64
110—Stores	3253.18	3603.50
111—Works	354.39	389.83
200—SPL. Projects	7.98	8.78
800—Other Expdr.	83.16	91.48
Total Gross	5346.00	5905.60
Receipts/Recoveries	165.00	181.50
Total Net	5181.00	5724.10
Capital		
Land	4.00	4.40
Works	127.83	140.61
Aircraft	3426.29	2708.18
Vehicles	7.00	3.00
Other Eqpt.	384.11	789.69
SPL. Projects	22.92	30.94
Total Capital	3972.15	3676.82
Total Revenue/Capital	9153.15	9400.92

ANNEXURE IV

(Please see Para 17)

DEFENCE ORDNANCE FACTORIES

(Rs. in Crores)

Minor Head (Revenue)	R.E. 1997-98	B.E. 1998-99
1	2	3
001—Direction & Admin.	26.67	35.60
004—Research	3.70	5.69
053—Maint.-Mach. & Eqpt.	9.40	11.12
054—Manufacture	1400.15	1610.16
105—Transportation	34.00	43.85
110—Stores	2202.40	2674.12
111—Works	35.00	37.95
106—Renewal & Replacement	60.00	100.00
797—Transfer to R/R Fund	100.00	110.00
800—Other Expdr.	290.10	340.70
*Supplies to Services	2851.00	3685.00
Total Gross	1310.42	1284.19
Receipts/Recoveries	486.11	619.84
Total Net	824.31	664.35

1	2	3
Capital		
Mach & Eqpt.	90.00	110.00
Works	45.10	35.05
Suspense	4.77	10.21
Total Capital	139.87	155.26
Total Revenue/Capital	964.18	819.61
*Break up is as Under:		
Army	2632 00	3425.00
Navy	60 00	60.00
Air Force	106 00	120.00
Others	53.00	80.00
Total	2851 00	3685.00

ANNEXURE V

(Please see Para 17)

R & D

(Rs. in Crores)

Minor Head (Revenue)	R.E. 1997-98	B.E. 1998-99
1. Pay & Allces.	350.07	385.69
2. Miscellaneous	26.23	27.97
3. Transportation	23.49	25.74
4. Grant of Fellowships	0.70	0.60
5. Grants-in-Aid	159.80	225.78
6. Training of Personnel	0.20	0.22
7. Stores	637.23	1000.32
8. Works	96.96	106.84
9. Educational Facilities	3.10	3.41
10. Amenity Grants	0.17	0.17
11. Deptl. Canteens	0.05	0.06
Total Gross	1298.00	1776.80
Receipts/Recoveries	(-) 7.00	(-) 7.00
Total Net	1291.00	1769.80
Capital	698.00	700.00
Total Revenue/Capital	1989.00	2469.80

ANNEXURE VI

(Please see para 17)

DGQA

(Rs. in Crores)

Minor Head (Revenue)	R.E. 97-98	B.E. 98-99
1. Pay & Allces.	165.00	181.50
2. Miscellaneous	4.50	9.13
3. Transportation	4.00	4.40
4. Stores	54.00	58.42
5. Works	15.35	16.89
6. Deptl. Canteens	0.21	0.21
Total Gross	243.06	270.55
Receipts/Recoveries	(-) 2.45	2.45
Total Net	240.61	268.10
Capital	5.78	7.00
Total Revenue/Capital	246.39	275.10

ANNEXURE VII

(Please see para 11)

MINISTRY OF DEFENCE

(Rs. in Crores)

	R.E. 97-98	B.E. 98-99
1	2	3
REVENUE SECTION		
1. Deptt. of Defence	20.93	21.48
2. Deptt. of Defence Production & Supplies	3.49	3.52
3. Deptt. of Defence Research and Development	0.40	0.39
4. Defence Accounts Department	313.32	356.10
5. Defence Estate Organisation	31.54	37.76
Total Sectt. General Services	369.68	419.25
6. Canteen Stores Department	2334.79	2567.66
7. Maintenance—DAD Offices	2.14	2.37
8. Maintenance-DAD Housing	4.16	4.32
9. Army Purchase Organisation	1.14	1.22
10. Subsidy in Lieu of Interest—MDL	—	—

1	2	3
10. Grant for V.R.S. to		
(A) Bharat Earth Movers Ltd. (BEML)	3.00	1.00
(B) Mazagon Dock Ltd.	1.50	0.50
(C) Garden Reach Ship Builders & Engineers (GRSE)	1.00	1.00
Total Revenue Section	2717.41	2997.32
Less Receipts Generated by CSD	(-) 2407.47	(-) 2767.47
Less Amount Met from National Renewal Fund	(-) 5.50	(-) 2.50
Net Revenue Budget	304.44	227.35

CAPITAL SECTION

1. Construction—DAD Offices	6.06	10.07
2. Construction—DEO Offices	—	2.00
3. Construction—CSD Offices	2.20	4.00
4. Construction—DAD Housing	9.33	10.58
5. Construction—CSD Housing	0.40	0.44
6. Loans for Water Supply Schemes and Miscellaneous	—	2.06
7. Miscellaneous Loans	1.52	2.52
Total Capital Section	19.51	31.67

ANNEXURE VIII

(Please see para 12)

DEFENCE PENSIONS

(Rs. in Crores)

	R.E. 97-98	B.E. 98-99
1. Pensions and Other Retirement Benefits		
Army	4632.68	5559.89
Navy	93.66	99.38
Air Force	217.53	264.31
Total Gross	4943.87	5923.58

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

The Committee sat on Thursday, the 11th June, 1998 from 1500 hours to 1600 hours.

PRESENT

Sqn. Ldr. Kamal Chaudhry — *Chairman*

MEMBERS

Lok Sabha

2. Smt. Bhavnaben K. Dave
3. Shri Shanta Kumar
4. Shri Suresh Chandel
5. Shri Gaurishankar Chaturbhuj Bisen
6. Shri Dada Baburao Paranjpe
7. Shri Bachi Singh Rawat
8. Shri Parvathaneni Upendra
9. Shri Arvind Tulshiram Kamble
10. Shri Ram Narain Meena
11. Shri Gajendra Singh Rajukhedhi
12. Shri A. Venkatesh Naik
13. Shri Hannan Mollah
14. Shri S. Ajaya Kumar
15. Shri Pradeep Kumar Yadav
16. Smt. Reena Chaudhary
17. Shri Digvijay Singh
18. Shri Indrajit Gupta
19. Shri Madhukar Sirpotdar

20. Shri Promotes Mukherjee
21. Shri Ramchandran N. Gingee
22. Dr. Subramanian Swamy
23. Shri Sultan Salahuddin Owaisi

Rajya Sabha

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

SECRETARIAT

- | | | |
|--------------------|---|--------------------|
| 1. Shri V.N. Gaur | — | Director |
| 2. Shri K.D. Muley | — | Assistant Director |

2. At the outset, the Chairman welcomed the Members on their nomination to the Standing Committee on Defence (1998-99).

3. The Committee then deliberated over the list of points on the Demands for Grants of the Ministry of Defence (1998-99) prepared by the Secretariat and circulated to the Members of the Committee. The Chairman requested the Members to send their views, additional points, if any, to the Secretariat by 15th June, 1998, which might be included in the supplementary list of points for eliciting written replies thereon from Ministry of Defence for consideration by the Committee.

4. The Committee then adjourned to meet again on the 24th, 25th June and if required, on 26th June, 1998 for taking oral evidence of the representatives of the Ministry of Defence.

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

The Committee sat on Wednesday, the 24th June, 1998 from 1100 hrs. to 1330 hrs. and from 1500 hrs. to 1730 hrs.

PRESENT

Sqn. Ldr. Kamal Chaudhry — *Chairman*

MEMBERS

Lok Sabha

2. Smt. Bhavnaben K. Dave
3. Shri Shanta Kumar
4. Shri Suresh Chandel
5. Shri Gaurishankar Chaturbhuj Bisen
6. Shri Bachu Singh Rawat
7. Shri Sohanveer Singh
8. Shri Parvathaneni Upendra
9. Shri Arvind Tulshiram Kamble
10. Col. Sona Ram Choudhary
11. Shri Ram Narain Meena
12. Shri Gajendra Singh Rajukhedi
13. Shri A. Venkatesh Naik
14. Shri Hannan Mollah
15. Shri S. Ajaya Kumar
16. Shri Pradeep Kumar Yadav
17. Shri V. Sathiamoorthy
18. Shri Digvijay Singh
19. Shri Indrajit Gupta

20. Shri Madhukar Sirpotdar
21. Shri Promotes Mukherjee
22. Shri Ramachandran N. Gingee

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 — *Director*
2. Shri K.D. Muley — *Assistant Director*

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. Shri Ajit Kumar — *Defence Secretary*
2. Shri T.S. Vijayaraghavan — *Secretary (DP&S)*
3. Dr. A.P.J. Abdul Kalam — *Secretary (DR&D)*
4. Shri P.R. Sivasubramanian — *FA (DS)*
5. Shri Subir Dutta — *Addl. Secretary (D)*
6. Shri P.M. Nair — *Addl. Secretary (N)*
7. Shri D. Basu — *Addl. Secretary (DP&S)*
8. Shri K. Santhanam — *Chief Adviser (Tech.)*
9. Shri A.K. Jain — *Joint Secretary (G)*
10. Shri K.G. Goel — *Joint Secretary (E)/ESW*

- | | |
|----------------------------|---------------------------------------|
| 11. Shri L.M. Mehta | — Joint Secretary (O) |
| 12. Shri R.S. Jassal | — Joint Secretary (P&C) |
| 13. Shri Fal Guni Rajkumar | — Joint Secretary (APO&W) |
| 14. Shri A.P. Sharma | — Joint Secretary (Trg.) & CAO |
| 15. Shri R.P. Bagai | — Joint Secretary (Navy) |
| 16. Shri O.P. Rawat | — Joint Secretary (OF) |
| 17. Shri Karnail Singh | — Joint Secretary (HAL) |
| 18. Shri R. Ramanathan | — Addl. FA (R) |
| 19. Shri V.K. Misra | — Addl. FA (M) |
| 20. Ms. Anjali Ahluwalia | — Addl. FA (A) |
| 21. Shri D. Lahiri | — Addl. FA (D) |
| 22. Shri K.G. Mahalingam | — Addl. FA (K) |
| 23. Dr. Jai Pal Singh | — DFA (Budget) |
| 24. Dr. A.S. Pillai | — CCR&D (P) |
| 25. Shri P.V. Deshpande | — CCR&D (D) |
| 26. Shri R. Swaminathan | — CCR&D (R) |
| 27. Shri V.P. Sandlas | — CCR&D (S) |
| 28. Shri R.P. Sehgal | — Director General Defence
Estates |

2. The Chairman welcomed the Defence Secretary and his colleagues to the sitting of the Committee and invited their attention to the provisions contained in Directions 55 and 58 of the Directions by the Speaker.

3. The Committee then took evidence of the representatives of the Ministry of Defence on various points arising out of the Demands for Grants (1998-99) of the Ministry of Defence and also written replies furnished by the Ministry to the List of Points thereon.

The representatives of the Ministry explained and elaborated on the queries from the Members. The evidence was not concluded.

4. A verbatim record of the proceedings was kept.

5. The Committee decided to take further evidence of the representatives of the Ministry of Defence on the Demands for Grants (1998-99) of the Ministry on the 25th June, 1998.

(The witnesses then withdrew.)

The Committee then adjourned.

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. Ajay Kumar
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 — *Director*
2. Shri K.D. Muley — *Assistant Director*

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. Shri Ajit Kumar — *Defence Secretary*
2. Shri T.S. Vijayaraghavan — *Secretary (DP&S)*
3. Shri P.R. Sivasubramanian — *FA(DS)*
4. Shri P.M. Nair — *Addl. Secretary (N)*
5. Shri D. Basu — *Addl. Secretary (DP&S)*
6. Shri K. Santhanam — *Chief Adviser (Tech.)*
7. Shri A.K. Jain — *Joint Secretary (G)*
8. Shri K.G. Goel — *Joint Secretary (E)/ESW*
9. Shri L.M. Mehta — *Joint Secretary (O)*
10. Shri R.S. Jassal — *Joint Secretary (P&C)*

- | | | |
|----------------------------|---|----------------------------------|
| 11. Shri Fal Guni Rajkumar | — | Joint Secretary (APO&W) |
| 12. Shri A.P. Sharma | — | Joint Secretary (Trg.) & CAO |
| 13. Shri R.P. Bagai | — | Joint Secretary (Navy) |
| 14. Shri O.P. Rawat | — | Joint Secretary (OF) |
| 15. Shri V.K. Mishra | — | Addl. FA (M) |
| 16. Ms. Anjali Ahluwalia | — | Addl. FA (A) |
| 17. Shri D. Lahiri | — | Addl. FA (D) |
| 18. Shri K.G. Mahalingam | — | Addl. FA (K) |
| 19. Dr. Jai Pal Singh | — | DFA (Budget) |
| 20. Shri P.V. Deshpande | — | CCR&D (D) |
| 21. Shri R. Swaminathan | — | CCR&D (R) |
| 22. Shri R.P. Sehgal | — | Director General Defence Estates |

2. The Committee resumed evidence of the representatives of the Ministry of Defence on the various points arising out of the Demands for Grants of the Ministry of Defence for the year 1998-99.

The representatives of the Ministry explained and elaborated on the relevant queries from the Members. The evidence was concluded. A verbatim record of the proceedings was kept.

(The witnesses then withdrew.)

..

9. The Committee decided to meet again on Monday, the 6th July, 1998 to consider and finalise draft report on Demands for Grants (1998-99) of Ministry of Defence.

The Committee then adjourned.

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

The Committee sat on Monday, the 6th July, 1998 from 1500 hrs.
to 1630 hrs.

PRESENT

Sqn. Ldr. Kamal Chaudhry — *Chairman*

MEMBERS

Lok Sabha

2. Shri Rajendrasinh Ghanshyamsinh Rana
3. Smt. Bhavnaben K. Dave
4. Shri Shanta Kumar
5. Shri Suresh Chandel
6. Shri Dada Baburao Paranjpe
7. Shri Parvathaneni Upendra
8. Shri Gajendra Singh Rajukheddi
9. Shri Hannan Mollah
10. Shri Pradeep Kumar Yadav
11. Smt. Reena Chaudhary
12. Shri Indrajit Gupta
13. Shri Madhukar Sirpotdar
14. Shri Promotes Mukherjee

Rajya Sabha

15. Shri V. Kishore Chandra S. Deo
16. Shri K.R. Malkani
17. Shri A. Vijaya Raghavan
18. Dr. Raja Ramanna

SECRETARIAT

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

2. The Committee considered the draft Report on Demands for Grants of the Ministry of Defence for the year 1998-99. The Chairman invited Members to offer their suggestions for incorporation in the Draft Report.

3. The Members suggested certain additions/modifications/amendments and desired that those 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 for presentation of the Report to Parliament.

The Committee then adjourned.