

Standing Comm

STANDING COMMITTEE

1

ON DEFENCE

(1993-94)

TENTH LOK SABHA

MINISTRY OF DEFENCE

FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1993/Vaisakha 1915 (Saka)

FIRST REPORT
STANDING COMMITTEE ON
DEFENCE
(1993-94)

(TENTH LOK SABHA)

MINISTRY OF DEFENCE—DEMANDS
FOR GRANTS
(1993-94)

Presented to Lok Sabha on 26 April, 1993
Laid in Rajya Sabha on 27 April, 1993



LOK SABHA SECRETARIAT
NEW DELHI

April, 1993/Vaisakha, 1915 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE
(1993-94)**

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Shri Buta Singh

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3. Shri Nurul Islam
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40. Shri Digvijay Singh
41. Shri Gopalsinh G. Solanki

SECRETARIAT

- | | |
|----------------------|-------------------------------|
| 1. Shri G.L. Batra | — <i>Additional Secretary</i> |
| 2. Smt. P.K. Sandhu | — <i>Deputy Secretary</i> |
| 3. Shri T.D. Dhingra | — <i>Under Secretary</i> |

INTRODUCTION

1. the Chairman of Standing Committee on Defence (1993-94) having been authorised to submit the Report on their behalf, present this First Report on the Demands for Grants (1993-94) of the Ministry of Defence.

2. The introduction of Departmentally related Standing Committee System is a major step towards exercising closer parliamentary impact on the functioning of our Executive in a parliamentary democracy. As a matter of fact, it can be described as a break through in the closer interaction between the Legislature and the Executive. Hon'ble Speaker, Shri Shivraj V. Patil, has opened a new chapter in making the institution of Parliament more purposeful and participative in democratization of the functioning of the State in its practical form.

3. Defence is vital for the nation and any slackness can imperil its very existence. With the rapid technological changes in the world, the defence preparedness has to be reviewed constantly so that defence forces are geared to meet the external challenges effectively. It is imperative to ensure that the resources crunch does not in any way affect modernisation and we are able to provide a strong defence mechanism for the security of the country. At the same time, it may not be proper to ignore the reality imposed by the constraint of resources. A suitable balance has to be drawn so that gap between need and resources can be bridged.

4. Demands for Grants pertaining to the Ministry of Defence for the current year i.e. 1993-94 which were laid on the Table of the House on 31 March, 1993 have been examined by the Committee.

5. The Committee scrutinised the relevant documents and had discussions with the representatives of the Ministry of Defence at their sittings held on 21, 22, 23, April, 1993.

6. The Committee could not conduct an indepth study as they desired for paucity of time. Accordingly, the Committee considered and adopted the Report at their sitting held on Sunday, 25 April, 1993.

7. The Committee while examining the Demands for Grants of the Ministry of Defence mainly confined themselves to the following documents:—

- (1) Demands for Grants of Ministry of Defence of 1993-94.
- (2) Defence Services Estimates of 1993-94.
- (3) Annual Report of 1992-93.

8. The scrutiny of the Demands for Grants has been conducted on the basis of the following information:—

- (1) Policy/programmes/activities brought out by the Ministry of Defence in the Annual Report.
- (2) Past commitments carried over in the current year i.e. 1993-94.
- (3) Anticipated liabilities for the current year.
- (4) Increase over previous year's estimates and the actuals of 1991-92.

9. The Committee wish to express their thanks to the Officers of the Ministry of Defence for furnishing written information on queries raised by them and sharing with the Committee their views concerning the matters which came up for discussion during evidence.

10. The Committee have generally endorsed the allocation sought for in the Budget Estimates 1993-94.

NEW DELHI;

April 25, 1993

Vaisakha 5, 1915 (Saka)

BUTA SINGH

Chairman,

Standing Committee on Defence

REPORT

INTRODUCTORY

The Budget Estimates of Defence Services for the year 1993-94, as compared with the Budget and Revised Estimates for 1992-93 and the actual expenditure during the year 1991-92, are summarised below:—

(in crores of Rupees)

		Actuals 1991-92	Budget Estimates, 1992-93	Revised Estimates, 1992-93	Budget Estimates 1993-94
REVENUE EXPENDITURE					
Gross Expenditure:	Voted	12172.16	12879.90	13210.75	14499.91
	Charged	2.52	4.39	5.55	11.09
	Total	12174.68	12884.29	13216.30	14511.00
Receipt and Recoveries		733.07	730.98	854.64	830.53
Net Revenue Expenditure		11441.61	12153.31	12361.66	13680.47
CAPITAL EXPENDITURE					
Gross Expenditure:	Voted	4901.70	5340.89	5132.54	5493.70
	Charged	4.40	5.80	5.80	5.83
	Total	4906.10	5346.69	5138.34	5499.53
Recoveries on Capital Account		0.67			
Net Capital Expenditure		4905.43	5346.69	5138.54	5499.53
Net Revenue & Capital		16347.04	17500.00	17500.00	19180.00

EXPENDITURE

2. The budgetary requirements for the Defence Services are included in the following five Demands for Grants:—

Demand No. 18, Defence Services — Army

Demand No. 19, Defence Services — Navy

Demand No. 20, Defence Services — Air Force

Demand No. 21, Defence Ordnance Factories

Demand No. 22, Capital Outlay on Defence Services.

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

4. The 'running' or 'operating' expenditure of the three Services and other Departments 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.

5. The Revenue expenditure includes expenditure on Pay & Allowances, Transportation, Revenue Stores (like rations, petrol, oil and lubricants, spares, etc.), Revenue Works (which includes maintenance of buildings, water and electricity supplies, rents, rates and taxes etc.) and other miscellaneous expenditure. The Capital expenditure includes expenditure on land, construction works, plant and machinery, Naval Vessels etc. From 1987-88, expenditure on procurement of Aircraft and Aeroengines 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 life span of 7 years or more is debited to the Capital heads.

6. 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.

Allocations for 1992-93

7. As indicated in the General Budget, the provision for Defence Services for 1992-93 in the Budget Estimates (BE) and Revised Estimates (RE) was Rs. 17500 crores. Subsequently, Supplementary Grants amounting to Rs. 788.66 crores, with a net additional outgo of Rs. 80 crores, were passed by the Parliament in March, 1993. Thus, the final net allocation for Defence Services for 1992-93 was Rs. 17580 crores.

8. The Demand-wise position is as under:—

Rs. in crores

Demand	B.E. 1992-93	R.E. 1992-93	Final allocation
1. Army (Revenue expdr. or Army, R&D and DGQA)	8940.17	9114.17	9277.20
2. Navy (Revenue expdr. of Navy)	1020.21	1024.34	1026.91
3. Air Force (Revenue expdr. of Air Force)	2526.79	2621.92	2854.40
4. Defence Ordnance Factories (Revenue expdr. of Ord. Factories)	397.12	455.87	405.87
5. Capital Outlay on Defence Services (Capital expenditure of all Services/Depts.)	5346.69	5138.34	5455.26
Total Gross Exp.	18230.98	18354.64	19019.64
Receipts/Recoveries	(-) 730.98	(-) 854.64	(-) 1439.64
Total (Net)	17500.00	17500.00	17580.00

9. Out of the final allocation of Rs. 17580 crores for 1992-93, the provision for Revenue expenditure is Rs. 12124.74 crores while that for Capital expenditure is Rs. 5455.26 crores. The major components of Capital expenditure (as per the final allocation of funds) are Land — Rs. 29.29 crores, Works — Rs. 621.69 crores, Aircraft — Rs. 2266.04 crores, Heavy and Medium Vehicles — Rs. 50.83 crores, Other Equipment — Rs. 1558.31 crores, Naval Fleet — Rs. 741.98, Plant and Machinery for Ordnance Factories — Rs. 114.00 crores and other items — Rs. 73.12 crores.

Budget Estimates 1993-94

10. The Budget Estimates for 1993-94 work out of Rs. 20010.53 crores (Gross) and Rs. 19180.00 crores (Net).

11. The Demand-wise position is as under:

	(Rs. in Crores)	
Demand	R.E. 1992-93	B.E. 1993-94
1. Army (Revenue expdr. or Army, R&D and DGQA)	9114.17	9755.16
2. Navy (Revenue expdr. of Navy)	1024.39	1159.42
3. Air Force (Revenue expdr. of Air Force)	2621.92	3126.20
4. Defence Ordnance Factories (Revenue expdr. of Ord. Factories)	455.87	470.22
4. Capital Outlay on Defence Services (Capital expdr. of all Services/ Deptts.)	5138.34	5499.53
Total Gross Exp.	18354.64	20010.53
Receipts/Recoveries	(-)854.64	(-)830.53
	17500.00	19180.00

12. A comparison of the Service/Department-wise allocations in RE 1992-93 and 1993-94 is given below:

Service/Deptt.	RE 1992-93	BE 1993-94	DETAILS IN
Army*	9709.37	10373.37	ANNEXURE-I
Navy*	1931.64	2193.90	ANNEXURE-II
Air Force*	4794.17	5239.36	ANNEXURE-III
DGOF*	231.36	297.00	ANNEXURE-IV
R&D*	720.64	952.09	ANNEXURE-V
DGQA*	112.82	124.28	ANNEXURE-VI
Total	17500.00	19180.00	

(*Not Revenue plus Capital provision has been shown here)

Category-wise Breakup

13. The *Gross Revenue Expenditure* in the Budget Estimates for 1993-94 is 72.52% as compared to 72.01% in the Revised Estimates 1992-93. The *Gross Capital Expenditure* in the Budget Estimates 1993-94 is 27.48% as against 27.99% in the Revised Estimates 1992-93.

14. The *Net Revenue expenditure* in the Budget Estimates for 1993-94 is 71.33% as compared to 70.64% in the Revised Estimates, 1992-93. The *Net Capital expenditure* in the Budget Estimates 1993-94 is 28.67% as against 29.36% in the Revised Estimates 1992-93.

Growth of Defence Expenditure Vis-a-Vis Other Economic Parameters

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

Year	Def. Exp. as %age of Central Govt. Expendr.	Def. Exp. as %age of GDP
1985-86	16.10	3.05
1986-87	18.39	3.58
1987-88	18.39	3.59
1988-89	17.81	3.36
1989-90	15.52	3.18
1990-91	14.65	2.91
1991-92	14.67	2.67
1992-93 (RE)	14.03	NA
1993-94 (BE)	14.61	NA

Civil Estimates of Ministry of Defence

16. As stated in para 1.2 above, the requirements for the Civil Expenditure of the Ministry of Defence and Defence Pensions are provided in separate Demands for Grants. These are Demand No.16—Ministry of Defence and Demand No. 17—Defence Pensions.

17. The provisions in 1992-93 and 1993-94 under *Demand No. 16* are as under:-

(Rs. in crores)

	B.E. 1992-93	R.E. 1992-93	BE 1993-94
Gross Revenue	1502.77	1423.28	1596.39
Capital	120.26	89.38	89.10
Gross Expenditure	1623.03	1512.66	1685.49
Receipts	(-)1370.00	(-)1270.00	(-)1420.00
Net Expenditure	253.03	242.66	255.49

(Break up given in Annexure—VII)

18. The Provisions for Defence Pensions and other retirement benefits in 1992-93 and 1993-94 under *Demand No. 17* are as under:—

	(Rs. in crores)		
	B.E. 1992-93	R.E. 1992-93	BE 1993-94
Pensions and other retirement benefits	2120.00	2343.00	2379.00

- (Break up given in Annexure —VIII)

19. The scheme for grant on one-time increase in pensions to Armed Forces personnel, who retired before 1st January, 1986, started getting implemented from 1992-93.

Revised Estimates 1992-93/Budget Estimates 1992-93

20. The Committee tried to cover most aspects of the Demands for Grants pertaining to the Defence through a number of questions which were put to the representatives of the Ministry. The increase of Rs. 208.35 crores in the Revised Estimates for 1992-93 as compared to the Budget Estimates for the same year has been scrutinised. The Committee note that the increase is only 1.71% of the BE provision. This marginal increase is mainly under the heads of 'Pay and allowances and revenue works' due to grant of additional D.A. at higher rates, price escalation and higher electricity tariffs. Accordingly, the Committee consider the increase sought for in the Revised Estimates of 1992-93 as reasonable.

Revised Estimates 1992-93/Budget Estimates 1993-94

21. The Committee note that the Defence Service Estimates 1993-94 have registered a small increase in the Budget Estimates for 1993-94 over the Revised Estimates of the previous year. The Committee looked into the aspects relating to the inter-services allocation in order to ensure that the percentage increase over the RE 1992-93 in respect of Army, Navy and Air Force is reasonable. The analysis shows that the BE 1993-94 registers an increase of 7.03% in respect of Army, 13.19% in respect of Navy and 19.23% in respect of Air Force. On a further examination, it has also been noted that the percentage increases over the final allocation 1992-93 is also working out to reasonable levels and therefore, the inter-services allocation sought for in the BE 1993-94 also appears to be reasonable.

Defence Research and Development Organisation

22. The Committee observe that the Defence Research and Development Organisation (DRDO) has been engaged in defence research programmes of a high standard. The Committee specifically looked into the point whether the allocation towards R&D should be increased. A detailed scrutiny of the provisions for R&D indicated that in 1990-91 4.3% of the allocations was set apart for R&D. The corresponding percentages with regard to 1991-92, 1992-93 (RE) and 1993-94 (BE) are 4.2%, 4.1% and 5% respectively. Accordingly to the allocations made towards the R&D are considered to be consistent keeping in view the priorities of the three Services and the available overall allocations.

Economy in Defence Expenditure

23. As regards steps taken to ensure economy in defence expenditure, the Committee note that the Committee on Defence Expenditure set up in June, 1990 had earlier recommended specific areas and measures for economies in defence expenditure. Certain aspects which envisage fundamental structural changes are still under examination. However, it has been explained by the Ministry of Defence that the action has already been taken to implement a number of the Committee's recommendations. The reductions in expenditure relate to manpower, POL, transportation, inventory management etc. The Committee expect that these economies will be suitably reflected in the Demands for Grants of the future years. The Committee desire that the report of the above Committee be made public as early as possible.

24. The Committee also enquired about the specific details relating to the economy measures initiated by the Services to effect the savings and generate resources for modernisation. The Ministry explained that in the Army, the reduction in the authorisation of equipment, one time reduction in the inventory in the Army Ordnance Corps, reduction of land norms, introduction of fuel efficiency vehicles, introduction of transportation model etc. have resulted in a saving of about Rs. 1000 crores per annum. These savings were envisaged in the Budget and have been observed in practice. Similarly, the economy measures initiated by the Navy, are likely to result in an annual savings of Rs. 49.93 crores. It was also brought to the notice of the Committee that economy measures initiated in the IAF owing to restriction of movement of personnel, surrender of 6631 posts etc., would result in a saving of Rs. 67.90 crores. In addition certain other measures relating to the requirements of aircraft have been initiated which are also expected to lead to further savings. The Committee note with satisfaction that though the steps taken towards introduction of economy in the three Services are generally encouraging

yet more effective steps should continue to be taken. The Committee desire that measures regarding conservation of petroleum products should be undertaken by all the Organisations under the Ministry of Defence more vigorously. They also desire that the recommendations made by the Petroleum Conservation Research Association should also be introduced as far as possible under a time bound programme. Besides, they desire that the various steps that are being taken to streamline the ordnance inventories and programmes initiated for introduction of modern management systems including computerised inventory control be taken up expeditiously so that substantial reductions in the size of inventories could be effected and real time response to any enquiry obtained. The modernisation of ordnance depots also needs special attention. Introduction of multi-tier automated warehouses with modern material handling systems will not only result in achieving new levels of efficiency but also in effecting substantial economy. Similarly, a personnel requirement of the manpower for non-combat duties needs constant review for all the services. The Committee desire that priority be accorded to the various measures suggested by the Committee and they be kept informed.

Modernisation Schemes

25. The Committee also looked into the allocations which have been provided for modernisation schemes in the Budget of 1993-94 both on Capital and Revenue accounts. It was noted that the term 'modernisation' is not a classification for budgetary purposes. The Committee are informed that the budgetary constraints have had some impact on the modernisation programmes of the services. Though the allocations were not always sufficient to meet fully the Services requirements in the past, yet the Ministry claims that efforts have been made to mobilise resources through savings. The Committee are of the view that keeping in view the available resources and budgetary constraints, efforts for generating resources through internal savings be continued and modernisation programmes be expedited.

Review of specific Demands

26. In all, 7 Demands for Grants were subjected to examination. Of these 2 Demands *i.e.*, *viz.* Demands No. 16 & 17 are Civil Estimates of the Ministry of Defence.

Demand No. 16

27. This provides for the expenditure towards the Secretariat of the Ministry of Defence, Defence Accounts Department and also for the fund requirements of Public Sector Undertakings under the Ministry of Defence. The Revenue Section of the Demand deals with the expenditure towards the Secretariat of the Ministry of Defence while the Capital section covers the outlays on the various industries, loans and advances etc. The Committee consider that the Grants sought for, as given below, are in accordance with the trend of expenditure in this regard:

Demand No. 16

(Rs. in Crores)

	Revenue	Capital	Total
Charged	0.03	7.25	7.28
Voted	1596.36	81.85	1678.21

DEMAND NO. 17

28. This deals with the provisions towards Defence Pensions. Adequate provision has to be ensured under this head to meet the requirements of making timely payments to the pensioners, family pensions, contribution to PF etc. for the three Services. Certain arrears which had to be paid due to Supreme Court judgement had also to be provided for. Based on the recommendations of the Committee of the Ministry of Defence, one time increase in pensions to pre 1.1.86 retirees was announced by the Government and a suitable provision has been made in this regard. The provisions made in the Demand No. 17 are given below:

Demand No. 17

(Rs. in crores)

	Revenue	Capital	Total
Charged:	0.33	..	0.33
Voted:	2378.67	..	2378.67

Defence Services Estimates

29. There are 5 Demands—Demand No. 18 to 22 under these estimates. The Demand Nos. 18, 19 and 20 deal with the Grants pertaining to Army, Navy and Air Force respectively. Demand No. 21 is concerned with the Defence Ordnance Factories while Demand No. 22 deals with the Capital Outlay on Defence Services.

30. The Committee examined the Budget Estimates for the Defence Services encompassing the five demands as explained in the preceding para. A vital area which caught the attention of the Committee while discussing the Demands pertains to indigenisation. With regard to the efforts made in this sphere, the Committee are informed that since disintegration of the erstwhile Soviet Union and consequent disruption in the product support, earnest efforts have been initiated by all the concerned agencies to achieve self-reliance. The Committee are given to understand that in this context a number of Empowered Committees have

been set up for identification and indigenisation of spares and equipments. The Committee would however urge that more concerted efforts will have to be made for ensuring success in this regard within a specified time frame. They would also urge that similar Empowered Committees be set up to give fillip to indigenisation in other areas. The Committee recommend that thrust be given to the export of defence products and the existing infrastructural facilities be put to the optimum use with a view to increasing the resources.

31. The condition of the Cantonments is yet another item which has been taken up by the Committee. The Committee are informed that Cantonment Boards have power to raise resources through taxation, fees, lease rents in respect of lands under the management of the Boards and rentals in respect of the properties belonging to or vested in the Boards. It is noted that the Central Government have been providing assistance to the Cantonments by way of Ordinary Grants-in-Aid, Special Grants-in-Aid ranging between Rs. 9 crores to Rs. 11 crores per year during 1984-85 to 1992-93. The amount of service charges paid to the Boards for the same period was in the range of Rs. 8 to 20 crores. A provision of Rs. 9.65 crores has been made in the Budget Estimates of the current year 1993-94 by way of Ordinary and Special Grants-in-aid and a provision of Rs. 20 crores has been made for payment of service charges under minor head 111 - Works Sub-head D. Hence the total amount which will be disbursed to various Cantonment Boards during 1993-94 has been budgeted at Rs. 29.65 crores. The fact that there is a backlog of service charges and the Ministry have been unable to pay the full service charges was admitted by the representatives of the Ministry of Defence during evidence. The Cantonment Boards are local bodies with substantial civilian and military population functioning directly under the control of the Government, they do not receive grants-in-aid or any other assistance which other local bodies receive from their respective State Governments. They would also desire that arrears on account of service charges due to these bodies should be disbursed by the Government of India. The Committee further recommend that an Expert Group be constituted to make an indepth study to find out the resources available with the Cantonment Boards, the additional costs required for the services needed on a long term perspective plan and to decide whether the Government of India should take the responsibility of providing resources. The Committee further recommend that the Cantonment Boards be also represented, among others, by local MLAs/MPs of the respective local area.

32. The Committee came to the conclusion that the provisions towards gross revenue expenditure of Rs. 14511 crores as indicated in the Budget Estimates in the year 1993-94 are reasonable taking into account the actuals of 1991-92 which is Rs. 12174.68 crores and the Revised Estimates 1992-93 of Rs. 13216.30 crores. It is also noted that the receipts and recoveries have been provided according to reasonable yardsticks. The net

revenue expenditure for 1993-94 would work out to Rs. 13680.47 crores. Similarly, the provisions for the capital expenditure of Rs. 5499.53 crores is reasonable compared to the actuals of 1991-92 of Rs. 4906.10 crores and Revised Estimates 1992-93 of Rs. 5138.34 crores. The details of the provisions asked for in respect of the Demands for Grants No. 18 to 22 are furnished in the Annexure IX to this report.

33. In the final analysis, the Committee note that the defence expenditure as a percentage of GDP in respect of our country has been around 3% from 1985-86 to 1991-92. This is reasonable considering the fact that the defence expenditure figures as a percentage of GDP in some of the neighbouring countries is substantially higher.

NEW DELHI;
April 25, 1993

Vaisakha 5, 1915 (Saka)

BUTA SINGH
*Chairman,
Standing Committee on Defence.*

ANNEXURE-I
(Please see para 12)

ARMY

(Rs. in Crores)

MINOR HEAD (Revenue)	R E 92-93	B E 93-94
101 · P&A · ARMY	3748.23	4026.59
103 · P&A · AUX. FORCES	32.00	34.00
104 · P&A · CIVILIANS	534.42	575.40
105 · TRANSPORTATION	224.17	239.86
106 · MILITARY FORMS	61.23	65.52
110 · STORES	3059.89	3266.55
111 · WORKS	563.14	586.51
112 · RASHTRIYA RIFLES	11.55	12.36
113 · NATIONAL CADET CORPS	75.75	81.05
100 · OTHER EXPDR	175.61	187.90
TOTAL GROSS	8485.99	9075.74
RECEIPTS/RECOVERIES	334.80	320.15
TOTAL NET	8151.19	8755.59
CAPITAL		
LAND	33.00	35.31
WORKS	181.48	210.23
AIRCRAFT	54.91	61.47
VEHICLES	41.40	44.30
OTHER EQPT	1242.61	1261.35
MILY. FARMS	1.03	1.10
ROLLING STOCK	2.70	2.89
RASHTRIYA RIFLES	0.50	0.54
NATIONAL CADET CORPS	0.55	0.59
STOCK SUSPENSE	0.00	0.00
OTHER EXPDR.	0.00	0.00
TOTAL CAPITAL	1558.18	1617.78
TOTAL REVENUE/CAPITAL	9709.37	10373.37

ANNEXURE-II
(Please see para 12)

NAVY

(Rs. in crores)

MINOR HEAD (Revenue)	R E 92-93	B E 93-94
101 - P&A - NAVY	219.35	241.05
102 - P&A - RESERVISTS	0.00	0.00
104 - P&A - CIVILIAN	161.57	179.59
105 - TRANSPORTATION	34.51	36.93
110 - STORES	425.41	505.51
111 - WORKS	120.76	129.21
800 - OTHER EXPD.	62.74	67.13
OTHER GROSS	1024.34	1159.42
RECEIPTS/RECOVERIES	30.00	34.00
TOTAL NET	994.34	1125.42
CAPITAL		
LAND	1.98	2.12
WORKS	61.58	65.89
AIRCRAFT	149.00	208.51
VEHICLES	3.02	3.23
OTHER EQPT	24.74	26.47
FLEET	659.98	722.67
DOCKYARDS	37.00	39.59
CAPITAL RECOVERIES	0.00	0.00
NET CAPITAL	937.30	1068.48
TOTAL REVENUE/CAPITAL	1931.64	2193.90

ANNEXURE-III

(Please see para 12)

AIR FORCE

(Rs. in crores)

MINOR HEAD (Revenue)	R E 92-93	B E 93-94
101 · P&A · AIR FORCE	621.80	691.41
104 · P&A · CIVILIANS	91.11	101.48
105 · TRANSPORTATION	57.11	61.11
110 · STORES	1622.16	2026.38
111 · WORKS	183.16	195.98
300 · SPL PROJECTS	7.00	7.49
800 · OTHER EXPDR.	39.58	42.35
TOTAL GROSS	2621.92	3126.20
RECEIPTS/RECOVERIES	88.93	61.71
TOTAL NET	2532.99	3064.49
CAPITAL		
LAND	7.29	7.80
WORKS	92.93	99.44
AIRCRAFT	1811.28	1615.77
VEHICLES	2.67	2.86
OTHER EOPT	307.45	406.67
SPL PROJECTS	39.56	42.33
TOTAL CAPITAL	2261.18	2174.87
TOTAL REVENUE/CAPITAL	4794.17	5239.36

ANNEXURE-IV
(Please see para 12)

DEFENCE ORDNANCE FACTORIES

(Rs. in crores)

MINOR HEAD (Revenue)	R E 92-93	B E 93-94
001 - DIRECTION & ADMN.	12.50	13.63
004 - RESEARCH	2.65	2.84
053 - MAINT. (-)MACH. & EQPT.	5.84	6.25
054 - MANUFACTURE	645.00	700.00
105 - TRANSPORTATION	23.50	25.14
110 - STORES	1020.10	1069.04
111- WORKS	28.00	30.00
106 - RENEWAL & REPLACEMENT	90.00	60.00
797- TRANSFER TO R/R FUND	10.00	60.00
800 - OTHER EXPDR.	150.00	160.00
SUPPLIES TO SERVICES	1531.72	1656.68
TOTAL GROSS	455.87	470.22
RECEIPTS/RECOVERIES	394.51	405.12
TOTAL NET	61.36	65.10
CAPITAL		
MACH. & EQPT.	114.00	172.00
WORKS	54.00	57.90
SUSPENSE	2.00	2.00
TOTAL CAPITAL	170.00	231.90
TOTAL REVENUE/CAPITAL	231.36	297.00

ANNEXURE-V
(Please see para 12)

R & D

(Rs. in crores)

MINOR HEAD (Revenue)	R E 92-93	B E 93-94
1. PAY & ALLCES.	145.56	156.11
2. MISCELLANEOUS	12.92	12.99
3. TRANSPORTATION	11.24	11.20
4. GRANT OF FELLOWSHIPS	0.35	0.50
5. GRANTS-IN-AID	94.06	100.20
6. TRAINING OF PERSONNEL	0.10	0.11
7. STORES	215.44	236.19
8. WORKS	38.37	40.47
9. EDUCATIONAL FACILITIES	0.75	1.00
10. AMENITY GRANTS	0.10	0.10
11. DEPTL. CANTEENS	0.04	0.04
TOTAL GROSS	518.93	558.91
RECEIPTS/RECOVERIES	(-) 5.00	(-) 8.00
TOTAL NET	513.93	550.91
CAPITAL	206.71	401.18
TOTAL REVENUE/CAPITAL	720.64	952.09

ANNEXURE-VI
(Please see para 12)

DGQA

(Rs. in crores)

MINOR HEAD (Revenue)	R E 92-93	B E 93-94
1. PAY & ALLCES.	80.58	93.41
2. MISCELLANEOUS	3.18	3.18
3. TRANSPORTATION	2.48	2.48
4. STORES	17.37	15.79
5. WORKS	5.47	5.47
6. DEPTL. CANTEENS	0.17	0.18
TOTAL GROSS	109.25	120.51
RECEIPTS/RECOVERIES	(-) 1.40	(-) 1.55
TOTAL NET	107.85	118.96
CAPITAL	4.97	5.32
TOTAL REVENUE/CAPITAL	112.82	124.28

ANNEXURE-VII
(Please see para 12)

MINISTRY OF DEFENCE

(Rs. in Crores)

	R E 92-93	B E 93-94
REVENUE SECTION		
1. DEPTT. OF DEFENCE	9.82	9.25
2. DEPTT. OF DEFENCE PRODUCTION & SUPPLIES	1.75	1.78
3. DEPTT. OF DEFENCE RESEARCH AND DEVELOPMENT	0.18	0.18
4. DEFENCE ACCOUNTS DEPARTMENT	149.82	156.46
TOTAL SECTT. GENERAL SERVICES	161.57	167.67
5. CANTEN STORES DEPARTMENT	1243.39	1400.25
6. MAINTENANCE - DAD OFFICES	0.43	0.38
7. MAINTENANCE - DAD HOUSING	2.01	2.14
8. ARMY PURCHASE ORGANISATION	0.53	0.60
9. SUBSIDY IN LIEU OF INTEREST-MDL	15.35	15.35
10. GRANT TO BEML FOR V.R.S.	0.00	10.00
TOTAL REVENUE SECTION	1423.28	1596.39
LESS RECEIPTS GENERATED BY CSD	(-) 1270.00	(-) 1420.00
LESS AMOUNT MET FROM NATIONAL RENEWAL FUND	0.00	(-) 10.00
NET REVENUE BUDGET	153.28	166.39
CAPITAL SECTION		
1. CONSTRUCTION - DAD OFFICES	2.49	3.38
2. CONSTRUCTION - CSD OFFICES	4.13	2.00
3. CONSTRUCTION - DAD HOUSING	2.44	3.92
4. CONSTRUCTION - CSD HOUSING	0.30	0.30
5. INVESTMET IN PSU _s	17.00	5.00
6. LOANS TO PSU _s	53.00	65.00
7. LOANS FOR WATER SUPPLY SCHEMES AND MISCELLANBOUS	10.02	9.50
TOTAL CAPITAL SECTION	89.38	89.10

ANNEXURE-VIII
(Please see para 18)

DEFENCE PENSIONS

(Rs. in crores)

	R E 92-93	B E 93-94
1. PENSIONS AND OTHER RETIREMENT BENEFITS		
ARMY	2203.58	2237.45
NAVY	34.53	35.06
AIR FORCE	103.88	105.48
2. REWARDS - ARMY, NAVY & AIR FORCE	1.01	1.01
TOTAL	2343.00	2379.00

ANNEXURE - IX
(Please see para 30)

DEMAND NO. 18

(Rs. in Crores)

	Revenue	Capital	Total
Charged:	6.75		6.75
Voted:	9748.41		9748.41

DEMAND NO. 19

(Rs. in Crores)

	Revenue	Capital	Total
Charged:	2.55		2.55
Voted:	1156.87		1156.87

DEMAND NO. 20

(Rs. in Crores)

	Revenue	Capital	Total
Charged:	0.29		0.29
Voted:	3125.91		3125.91

DEMAND NO. 21

(Rs. in Crores)

	Revenue	Capital	Total
Charged:	1.50		1.50
Voted:	468.72		468.72

DEMAND NO. 22

(Rs. in Crores)

	Revenue	Capital	Total
Charged:		5.83	5.83
Voted:		5493.70	5493.70

**MINUTES OF FIRST SITTING OF STANDING COMMITTEE ON
DEFENCE HELD ON FRIDAY, THE 16TH APRIL, 1993**

The Committee sat from 11.00 to 13.00 hrs.

PRESENT

Shri Buta Singh

— *Chairman*

**MEMBERS
Lok Sabha**

2. **Shri Ayub Khan**
3. **Shri Bhupinder Singh Hooda**
4. **Shri Kamal Chaudhry**
5. **Shri Yoganand Saraswati**
6. **Shri B.L. Sharma Prem**
7. **Shri Jagat Vir Singh Drona**
8. **Shri Pratap Singh**
9. **Shri Chhedi Paswan**
10. **Shri Chun Chun Prasad Yadav**
11. **Shri Hannan Mollah**

Rajya Sabha

12. **Shri Hiphei**
13. **Shri Suresh Kalmadi**
14. **Shri Satchidananda**
15. **Shri Sushilkumar Sambhajirao Shinde**
16. **Shri Digvijay Singh**

SECRETARIAT

1. **Shri G.L. Batra** — *Additional Secretary*
2. **Smt. P.K. Sandhu** — *Deputy Secretary*
3. **Shri T.R. Sharma** — *Under Secretary*

At the outset the Chairman welcomed the members to the first sitting of the Committee. The Chairman observed that with the constitution of the Standing Committees, a new chapter in democracy has been added which would further decentralise the parliamentary proceedings. He called upon the members to have a nationalistic

approach while deliberating in the Committee rather than projecting their parties' stand.

2. The Chairman cautioned the members that the information relating to Defence matters is of confidential nature and should not be divulged outside lest it may reach the hands of the unscrupulous elements.

3. With a view to examining the Demands for Grants of the Ministry of Defence for 1993-94 in the best possible manner within the limited time at the disposal of the Committee and placing the Report before the Parliament, the Chairman invited members to give their views/suggestions. After a general discussion, the Committee decided to call the representatives of the Ministry of Defence including the Secretary, DR&D to explain the variations shown in the Demands for Grants at their next sitting on Wednesday, 21 April, 1993.

The Committee then adjourned.

**MINUTES OF SECOND SITTING OF STANDING COMMITTEE ON
DEFENCE HELD ON WEDNESDAY, THE 21ST APRIL, 1993**

The Committee sat from 15.00 to 17.25 hrs.

PRESENT

Shri Buta Singh

— *Chairman*

MEMBERS

Lok Sabha

2. Shri Ayub Khan
3. Shri Nandi Yellaiah
4. Shri Manikrao Hodalya Gavit
5. Shri Kamal Chaudhary
6. Shri Vijay Naval Patil
7. Shri Sharad Dighe
8. Maj. D.D. Khanoria
9. Shri Yoganand Saraswati
10. Shri Prakash Narain Tripathi
11. Shri B.L. Sharma Prem
12. Shri Gabhaji Mangaji Thakore
13. Shri Pratap Singh
14. Shri Mumtaz Ansari
15. Shri Amal Datta
16. Shri Hannan Mollah
17. Shri Inderjit Gupta
18. Maj. Gen. R.G. Williams

Rajya Sabha

19. Shri Suresh Kalmadi
20. Shri Prabhakar B. Kore
21. Shri S. Jaipal Reddy
22. Shri Satchidananda
23. Shri Digvijay Singh

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. **Shri K.A. Nambiar** — *Secretary, Defence*
2. **Shri V.K. Kapoor** — *Secretary, Defence
Production and
Supplies*
3. **Dr. A.P.J. Abdul Kalam** — *Secretary, DR&D*
4. **Shri B.V. Adavi** — *Financial Adviser
(Defence Services)*

SECRETARIAT

1. **Shri G.L. Batra** — *Additional Secretary*
2. **Smt. P.K. Sandhu** — *Deputy Secretary*
3. **Shri T.R. Sharma** — *Under Secretary*

2. The Committee discussed with the representatives of the Ministry of Defence the various points arising out of the Demands for Grants (1993-94) of the Ministry.

3. The discussion was not concluded. The Committee decided to meet again on Thursday, 22 April, 1993 at 15.00 hrs.

The Committee then adjourned.

**MINUTES OF THIRD SITTING OF STANDING COMMITTEE ON
DEFENCE HELD ON THURSDAY, THE 22ND APRIL, 1993**

The Committee sat from 15.00 to 17.30 hrs.

PRESENT

Shri Buta Singh — *Chairman*

**MEMBERS
Lok Sabha**

2. Shri Ayub Khan
 3. Shri Bhupinder Singh Hooda
 4. Shri Nandi Yellaiah
 5. Shri Kamal Chaudhary
 6. Shri Nural Islam
 7. Maj. D.D. Khanoria
 8. Shri Yoganand Saraswati
 9. Shri Prakash Narain Tripathi
 10. Shri Jagat Vir Singh Drona
 11. Shri Gabhaji Mangaji Thakore
 12. Shri Pratap Singh
 13. Shri Mumtaz Ansari
 14. Shri Amal Datta
 15. Shri Hannan Mollah
 16. Maj. Gen. R.G. Williams
- Rajya Sabha*
17. Shri Prabhakar B. Kore
 18. Shri Sushilkumar Sambhajirao Shinde
 19. Shri Digvijay Singh

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. Shri K.A. Nambiar — *Secretary, Defence*
2. Shri V.K. Kapoor — *Secretary, Defence Production and Supplies*
3. Shri B.V. Adavi — *Financial Adviser (Defence Services)*

SECRETARIAT

1. Shri G.L. Batra — *Additional Secretary*
2. Smt. P.K. Sandhu — *Deputy Secretary*
3. Shri T.R. Sharma — *Under Secretary*

2. The Committee resumed further discussion on the points arising out of the Demands for Grants (1993-94) of the Ministry of Defence. The representatives of the Ministry of Defence explained and elaborated on the relevant queries from the Members.

3. The discussion was not concluded. The Committee decided to meet again on Friday, 23rd April, 1993 at 15.00 hrs.

The Committee then adjourned.

**MINUTES OF FOURTH SITTING OF STANDING COMMITTEE ON
DEFENCE HELD ON FRIDAY, THE 23RD APRIL, 1993**

The Committee sat from 15.00 to 17.30 hours.

PRESENT

Shri Buta Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ayub Khan
3. Shri Bhupinder Singh Hooda
4. Shri Nandi Yellaiah
5. Shri Kamal Chaudhary
6. B.L. Sharma Prem
7. Shri Jagat Vir Singh Drona
8. Shri Pandurang Pundlik Fundkar
9. Shri Pratap Singh
10. Shri Mumtaz Ansari
11. Shri Amal Datta
12. Shri Hannan Mollah
13. Maj. Gen. R.G. Williams

Rajya Sabha

14. Shri S. Jaipal Reddy
15. Shri Digvijay Singh

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. Shri K.A. Nambiar — *Secretary, Defence*
2. Shri V.K. Kapoor — *Secretary, Defence Production & Supplies*
3. Dr. A.P.J. Abdul Kalam — *Secretary, D R & D*
4. Shri B.V. Adavi — *Financial Adviser (Defence Services)*

SECRETARIAT

1. Shri G.L. Batra — *Additional Secretary*
2. Smt. P.K. Sandhu — *Deputy Secretary*
3. Shri T.D. Dhingra — *Under Secretary*

2. The Committee resumed further discussion on the points arising out of the Demands for Grants (1993-94) of the Ministry of Defence. The representatives of the Ministry of Defence explained and elaborated on the relevant queries from the Members.

3. Thereafter, the representatives of the Ministry of Defence withdrew from the Committee.

4. The Committee then deliberated on the matter. The Chairman requested the Members to send their suggestion if any, on the various points which could be incorporated in the draft report, by 13.00 hrs. on 24th April, 1993. The Committee also decided to meet again on Sunday, 25th April, 1993 at 16.00 hrs. to consider and finalise their draft report.

The Committee then adjourned.

**MINUTES OF FIFTH SITTING OF STANDING COMMITTEE ON
DEFENCE HELD ON SUNDAY, THE 25TH APRIL, 1993**

The Committee sat from 16.00 to 18.45 hours.

PRESENT

Shri Buta Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ayub Khan
3. Shri Nural Islam
4. Shri Nandi Yellaiah
5. Maj. D.D. Khanoria
6. Shri Pratap Singh
7. Shri Mumtaz Ansari
8. Shri Amal Datta
9. Shri Hannan Mollah
10. Maj. Gen. R.G. Williams

Rajya Sabha

11. Shri Prabhakar B. Kore
12. Shri S. Jaipal Reddy
13. Shri Sushilkumar Sambhajirao Shinde
14. Shri Digvijay Singh

SECRETARIAT

1. Shri G.L. Batra — *Additional Secretary*
2. Smt. P.K. Sandhu — *Deputy Secretary*
3. Shri T.D. Dhingra — *Under Secretary*

2. The Committee considered and adopted the Draft First Report on Ministry of Defence — Demands for Grants (1993-94) with certain modifications, and authorised the Chairman to finalise the Report.

3. The Committee also decided that the Report may be presented to Lok Sabha on Monday, 26 April, 1993, by the Chairman and, in his absence, by Shri Amal Datta.

The Committee then adjourned.