

NATIONAL SECURITY

14.1 Our terms of reference require that in making our recommendations we should have regard, among other factors, to the resources of the Central Government and the demands thereon, in particular, on account of expenditure on civil administration, defence and border security, etc. Earlier Commissions were also required to take into account the demands of defence while assessing the resources of the Central Government. Defence expenditure, like interest payment, is major component of the central expenditure. Both however, display rigidity to any downward adjustment.

14.2 We felt that our Commission, tenth since the commencement of the Constitution, should give more than an incidental attention to the assessment of defence and security related expenditure. We, therefore, decided early on in our deliberations to carry out a detailed study of the requirements of defence expenditure so as to accord it a proper weight while assessing the resources of the Centre.

14.3 The in-house study on defence expenditure is, for reasons of confidentiality, being forwarded separately to the Ministry of Defence. We expect the Ministry to take full advantage of the findings. Here we would only like to state that the estimates emerging from the study are broadly in line with the over-all projection of defence expenditure made by the Ministry of Finance in its forecast. We have, therefore, accepted the forecast of the Ministry of Finance but adjusted it to neutralise the year-by-year inflation rate, as assumed by us for the period 1995-2000.

14.4 We would like to highlight some of the broad conclusions prompted by the review. These are :

- i) A large part of the allocations for defence are pre-empted by manpower costs and related expenditure. Since 1986-87, these have grown at an average rate of 13.4 per cent per annum. As against this the total defence budget during the last five years has grown annually only at an average of 11.9 per cent. It is important to protect the availability of funds for the purchase of hardware, particularly spares and equipment.
- ii) The expenditure on defence pensions has risen from Rs.479.88 crores in 1984-85 to Rs.2706 crores in 1994-95. There is an urgent need to contain the rising bill on pensions.
- iii) Linked with the reduction in expenditure on pensions is also the consideration of reducing the age profile of combatant troops.
- iv) There is a need to examine the possibilities of optimal utilisation of available resources by prioritising defence expenditure. A pattern of inter-service allocation of resources best suited to obtain a balanced force

structure, the need for adequate funding for spares replenishment and for training purposes, a cost-effective mix of weapon systems, the balance between new acquisitions and upgradation of the existing hardware and facilities, more economical alternatives to current structures and capabilities, etc. are some of the factors which need to be evaluated in the context of a comprehensive assessment of threats and security requirements of the country.

- v) Since the defence and para-military forces have been quite often utilised on the maintenance of law and order duties in States, a revised balance should be evolved between the roles of local police, on the one hand, and that of the defence and para military forces on the other. If a holistic view of the internal and external security scenario is taken, it would suggest that the local law and order problems are best left to be dealt with by a strengthened local police force, suitably supplemented by the State's own armed police. It would reduce the strain placed on the resources of the para-military and defence forces.
- vi) Common recruitment and training of para-military forces engaged on the borders and combatant troops serving in the army would facilitate soldiers moving over to the para-military formations after an initial period of, say, seven years service. A certain percentage of vacancies in various government organisations in the States and at the Centre are already reserved for ex-servicemen. Full use should be made of these quotas to facilitate the absorption of servicemen. The defence ministry and the armed forces, who have a large number of non-combatant posts, should take a lead in this matter. This would not only enable the army to maintain a youthful profile of its combatant troops but also reduce its pensionary commitments in future.
- vii) The present budgetary system for defence is not conducive either to yielding relevant management information regarding the cost of a job or service done or utilisation of resources. A less opaque and feasible two part-budgetary scheme, involving inputs and outputs (mission/function) should be adopted.

14.5 What is stated above illustrates the kind of action that is needed to evolve an integrated, cost-effective system of national security. It is not possible for us to go into the myriad aspects of national security which, to our way of thinking, would also involve the States. We, therefore, recommend that a High Powered Committee should be set up to review the entire security scenario - both external and internal - and determine the role, organisation equipment and funding requirements of various agencies involved in meeting the present and emerging threats to the country's peace and integrity.