

**REPORT OF THE SENATE STANDING  
COMMITTEE ON DEFENCE**

***"Mid-year Review of Budget of Ministry of  
Defence"***

***Report No. 09***

***(Fourteenth Parliamentary Year)***

**PRESENTED BY**

***(SENATOR MUSHAHID HUSSAIN SAYED)***  
**CHAIRMAN**



## SENATE SECRETARIAT

### REPORT OF THE SENATE STANDING COMMITTEE ON DEFENCE

I, Senator Mushahid Hussain Sayed, Chairman of the Senate Standing Committee on Defence, have the honour to present the report, on behalf of the Committee, on the "**Mid-year Review of Budget of Ministry of Defence**" under Rule 166 (4) of the Rules of Procedure and Conduct of Business in the Senate 2012.

2. The Agenda before the Committee was as follows:-

#### ***"Mid-year Review of Budget of Ministry of Defence"***

3. The composition of the Committee is as under:-

1.	<b>Senator Mushahid Hussain Sayed</b>	<b>Chairman</b>
2.	Senator Ilyas Ahmad Bilour	Member
3.	Senator Hidayat Ullah	Member
4.	Senator Atta Ur Rehman	Member
5.	Senator Col. (R) Syed Tahir Hussain Mashadi	Member
6.	Senator Lt. Gen. (R) Salahuddin Tirmizi	Member
7.	Senator Lt. Gen. (R) Abdul Qayyum	Member
8.	Senator Muhammad Javed Abbasi	Member
9.	Senator Farhatullah Babar	Member
10.	Senator Farooq H. Naek	Member
11.	Senator Mrs. Sehar Kamran	Member
12.	Senator Brig (R) John Kenneth Williams	Member
13.	Minister for Defence	Ex-Officio Member



4. A meeting of the Senate Standing Committee on Defence was held on 13<sup>th</sup> April, 2016. The following members of the Committee attended the meeting:-

i. Senator Mushahid Hussain Sayed	Chairman
ii. Senator Muhammad Ilyas Bilour	Member
iii. Senator Atta Ur Rehman	Member
iv. Senator Col. (R) Syed Tahir Hussain Mashhadi	Member
v. Senator Lt. Gen. (R) Abdul Qayyum	Member
vi. Senator Farhatullah Babar	Member
vii. Senator Lt. Gen. (R) Salahuddin Tirmizi	Member
viii. Senator Muhammad Javed Abbasi	Member
ix. Senator Farooq Naek	Member
x. Senator Brig (R) John Kenneth Williams	Member
xi. Senator Hidayat Ullah	Member
xii. Senator Muhammad Usman Kakar	Mover

5. The Additional Secretary Ministry of Defence gave a comprehensive brief in respect of "Mid- year review of the budget allocated to Ministry of Defence" and its associated organizations and its status of utilization for the first two quarters July-September, 2015 for the Financial Year 2015-16.

Defence budget for Finical Year 2015-16	Rs. 788.416 billion
Further Allocations are divided into	
Defence Division	Rs. 1.43 Billon
Survey of Pakistan	Rs. 1.11 Billon
Federal Government Educational Institutions in Cantonments and Garrisons	Rs. 4.874 Billon
Defence Services	Rs. 781.000 Billon



6. The Following Detailed analysis was presented:-

<b><u>MID YEAR EXP. CFY 2015-16: DEFENCE SERVICES</u></b>	
<b><u>ARMY</u></b>	
<b>Army Heads</b>	<b>% Exp upto Dec.</b>
Original Alloc Rs. 371.047 Bn	41.022%
<b><u>PAF</u></b>	
<b>PAF Heads</b>	<b>% Exp upto Dec.</b>
Employees Related Exp	46.993%
Operating Expenses	28.525%
Physical Assets	28.814%
Civil Works	28.293%
Original Alloc Rs. 164.237 Bn	33.074%
<b><u>NAVY</u></b>	
<b>Navy Heads</b>	<b>% Exp upto Dec.</b>
Employees Related Exp	48.614%
Operating Expenses	36.433%
Physical Assets	25.671%
Civil Works	35.400%
Original Alloc Rs. 84.918 Bn	35.948%
<b><u>MoDP</u></b>	
<b>MoDP Heads</b>	<b>% Exp upto Dec.</b>
Employees Related Exp	50.099%
Operating Expenses	38.140%
Physical Assets	35.182%
Civil Works	36.896%
Original Alloc Rs. 50.176 Bn	41.404%
<b><u>ISO &amp; Accounts</u></b>	
<b>MoDP Heads</b>	<b>% Exp upto Dec.</b>
Employees Related Exp	47.253%
Operating Expenses	54.624%
Physical Assets	0.380%
Civil Works	34.783%
Original Alloc Rs. 32.621 Bn	47.110%
<b><u>SPD</u></b>	
<b>SPD Heads</b>	<b>% Exp upto Dec.</b>
All Heads	50.000%
Original Alloc Rs. 78.000 Bn	50.000%



7. It was the contention of the Ministry of Defence that the budgetary allocations in respect of the three armed forces should be directly related to the threat perception which is markedly enhanced due to the current geo-political situation and Pakistan's strategic location in the area. The Ministry of Defence also informed the meeting that out of the \$ 13 billion received of the Coalition Support Funds from the United States since 9/11, 40% has gone to the civilian government. The current year being the last year in respect of the Coalition Support Fund, a balance amount of \$ 200 million remains to be cleared by the United States government.

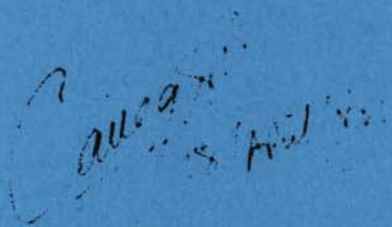
8. During the recent meeting of "Pak-US Strategic Dialogue" a proposal of establishing a border management fund to the tune of \$100 million was discussed. The Ministry of Defence has put forward a proposal for the development of Federally Administrative Tribal Areas (FATA) to the tune of \$ 8 billion spread over 5 to 8 years. The government of United States has agreed that a robust border management is essential for maintenance of peace on Pak-Afghan border & further negotiations on the matter continue.

9. The Ministry of Defence made the following recommendations in respect of its budgetary allocations;

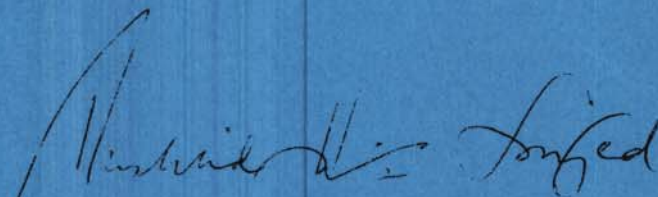
- i. Sales Tax and Custom duty may be waived off on all defence imports.
- ii. IBC for Defence Budget 2016-17 may be revised from Rs 860 Bn to Rs 920 Bn.
- iii. Pay and Pension Commission may be constituted.
- iv. One rank – one pension formula may be adopted for Defence Services.
- v. Power to waive-off 'Austerity Measures of defence organizations may be delegated to Secretary Defence.
- vi. 40% deduction from CSF reimbursements by GoP may be discontinued.



10. The Chairman DEFCOM & the Senate Standing Committee on Defence adopted this report and approved its laying before the Honourable House.



**(Dr. Syed Pervaiz Abbas)**  
AS / Secretary Committee



**(Senator Mushahid Hussain Sayed)**  
Chairman