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**STANDING COMMITTEE ON DEFENCE
(2022-23)**

(SEVENTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS (2023-24)

**DIRECTORATE OF ORDNANCE (COORDINATION AND SERVICES) – NEW DPSUs,
DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION AND
NATIONAL CADET CORPS**

(DEMAND NOS. 20 AND 21)

THIRTY-EIGHTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

March, 2023 / Phalguna 1944 (Saka)

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(SEVENTEENTH LOK SABHA)

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DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION AND
NATIONAL CADET CORPS**

(DEMAND NOS. 20 AND 21)

Presented to Lok Sabha on 21.03.2023

Laid in Rajya Sabha on 21.03.2023



LOK SABHA SECRETARIAT

NEW DELHI

March, 2023 / Phalguna 1944 (Saka)

COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2022-23)

SHRI JUAL ORAM

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CHAIRPERSON

Lok Sabha	
2.	Shri Nitesh Ganga Deb
3.	Shri Rahul Gandhi
4.	Shri Devaragunda Venkappa Sadananda Gowda
5.	Shri Annasaheb Shankar Jolle
6.	Choudhary Mehboob Ali Kaiser
7.	Shri Suresh Kumar Kashyap
8.	Shri Rattan Lal Kataria
9.	Prof. (Dr.) Ram Shankar Katheria
10.@	Shri Durai Murugan Kathir Anand
11.	Kunwar Danish Ali
12.	Dr. Rajashree Mallick
13.★	Shri Reddeppa Nallakonda Gari
14.	Shri Uttam Kumar Nalamada Reddy
15.	Shri Anumula Revanth Reddy
16.	Shri Jugal Kishore Sharma
17.	Dr. Shrikant Eknath Shinde
18.	Shri Prathap Simha
19.	Shri Brijendra Singh
20.	Shri Mahabali Singh
21.	Shri Durga Das Uikey
Rajya Sabha	
22.	Dr. Ashok Bajpai
23.	Shri Prem Chand Gupta
24.	Shri Sushil Kumar Gupta
25.	Shri Venkataramana Rao Mopidevi
26.	Shri Kamakhya Prasad Tasa
27.	Dr. Sudhanshu Trivedi
28.	Smt. P.T. Usha
29.	Shri G.K. Vasani
30.	Lt. Gen. (Dr.) D. P. Vats (Retd.)
31.	Shri K.C. Venugopal

@ Nominated w.e.f 08.12.2022.

★ Nominated w.e.f 16.11.2022.

Dr. T.R. Paarivendhar and Shri Kotagiri Sridhar, MPs, Lok Sabha ceased to be Members of the Standing Committee on Defence w.e.f 16.11.2022.

SECRETARIAT

1. Smt. Suman Arora - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary
4. Shri Rajesh Kumar - Executive Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2022-23), having been authorised by the Committee, present this Thirty-eighth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Directorate of Ordnance (Coordination and Services) – New DPSUs, Defence Research and Development Organisation and National Cadet Corps (Demand Nos. 20 and 21)'.

2. The Demands for Grants of the Ministry of Defence were laid on 08 February, 2023 in Lok Sabha. The Committee took evidence of the representatives of the Ministry of Defence on 20, 22 and 24 February, 2023. The draft Report was considered and adopted by the Committee at their Sitting held on 16 March, 2023.

3. The Committee wish to express their thanks to the officers of the Ministry of Defence and representatives of the Services/Organisations for appearing before the Committee and furnishing the material and information which the Committee desired in connection with examination of the Demands for Grants.

4. For facility of reference and convenience, Observations/Recommendations of the Committee have been printed in bold letters in Part II of the Report.

**New Delhi;
17 March, 2023
26 Phalgun, 1944 (Saka)**

**JUAL ORAM
Chairperson
Standing Committee on Defence**

REPORT

CHAPTER – I

Directorate of Ordnance (Coordination and Services) – New DPSUs

Introduction

Directorate of Ordnance (Coordination and Services) – New DPSUs, with headquarters at Kolkata was a subordinate office of the Department of Defence Production till 30.9.2021. It controlled and directed 41 Ordnance Factories. The Cabinet, in its meeting held on 16.06.2021 has approved to convert production units of OFB into 7 DPSUs with 41 units, namely Ammunition & Explosive, Vehicles, Weapons & Equipment, Troop Comfort items, Ancillary, Opto Electronics and Parachute. The Head Quarters of the new corporate entities have been selected based on the location and concentration of OFs, revenue and criticality of Products.

The details of information with location of various headquarters functioning under the newly created Defence Companies and the production units coming under their jurisdiction are under:

Production Units under the 7 New DPSUs

SI no	Production unit	New DPSUs and main business
1.	Ammunition Factory Khadki	Munitions India Limited This DPSU is engaged in the business of manufacturing ammunition and explosives. Registered office: Ammunition Factory Khadki, Pune, Maharashtra – 411003 Corporate office: 2nd Floor, NyatiUnitree, Nagar Road, Yerwada, Pune - 411 006
	Cordite Factory Aruvankadu	
	High Energy Projectile Factory Tiruchirappalli	
	High Explosive Factory Khadki	
	Ordnance Factory Bhandara	
	Ordnance Factory Bolangir	
	Ordnance Factory ChandaChandrapur	
	Ordnance Factory Dehu Road	
	Ordnance Factory Itarsi	
	Ordnance Factory Khamaria	
	Ordnance Factory Nalanda	
	Ordnance Factory Varangaon	

2.	Engine Factory Avadi	Armoured Vehicles Nigam Limited This DPSU is engaged in the business of manufacturing vehicles. Registered and corporate office: HVF Road, Bhaktavatsalapuram, Avadi, Chennai, Tamil Nadu - 600054
	Heavy Vehicle Factory Avadi	
	Machine Tool Prototype Factory Ambernath	
	Ordnance Factory Medak	
	Vehicle Factory Jabalpur	
3.	Field Gun Factory Kanpur	Advanced Weapons and Equipment India Limited This DPSU is engaged in the business of manufacturing weapons and equipment. Registered and corporate office: Ordnance Factory Kanpur, Kalpi Road, Kanpur, Uttar Pradesh – 208009
	Gun Carriage Factory Jabalpur	
	Gun and Shell Factory Cossipore	
	Ordnance Factory Kanpur	
	Ordnance Factory Project Korwa	
	Ordnance Factory Tiruchirappalli	
	Rifle Factory Ishapore	
	Small Arms Factory Kanpur	
4.	Ordnance Clothing Factory Avadi	Troop Comforts Limited This DPSU is engaged in the business of manufacturing troop comfort items. Registered and corporate office: C/o Ordnance Factory Equipment, Headquarter G T Road, Kanpur, Uttar Pradesh – 208013
	Ordnance Clothing Factory Shahjahanpur	
	Ordnance Equipment Factory Kanpur	
	Ordnance Equipment Factory Hazratpur	
5.	Grey Iron Foundry Jabalpur	Yantra India Limited This DPSU is engaged in the business of manufacturing Military Grade components and Ancillary products. Registered and corporate office: C/o The General Manager Ordnance Factory, Ambajhari Amravati Road Ambajhari, Nagpur, Maharashtra - 440021
	Metal and Steel Factory Ishapore	
	Ordnance Factory Ambernath	
	Ordnance Factory Ambajhari	
	Ordnance Factory Bhusawal	
	Ordnance Factory Dumdum	
	Ordnance Factory Katni	
	Ordnance Factory Muradnagar	

6.	Ordnance Cable Factory Chandigarh	India Optel Limited This DPSU is engaged in the business of manufacturing opto-electronic items. Registered and corporate office: C/o Opto Electronic Factory, Raipur, Dehradun, Uttarakhand – 248008
	Ordnance Factory Dehradun	
	Opto-Electronics Factory Dehradun	
7.	Ordnance Parachute Factory Kanpur	Gliders India Limited This DPSU is engaged in the business of manufacturing parachutes. Registered and corporate office: C/o Ordnance Factory Equipment Headquarter, G T Road, Kanpur Uttar Pradesh – 208005

(Ref: Replies, Part II, point no 1, page 85-88)

Budgetary provisions

1.2 The Ministry of Defence was asked to furnish the information in respect to budgetary provisions to newly constituted DPSUs/erstwhile ordnance factories and also about allocation of additional fund to run the factories. The Ministry in its written replies stated as under:

“Government of India has allocated capital expenditure of Rs. 4,347 Crore in RE 2021-22 (including expenditure of Rs 204 Crore upto 30th September 2021 for Ordnance Factories) and Rs3,810 Crore in RE 2022-23. The projection for Year 2023-24 has been made in BE (Proj) for an amount of Rs. 1,310 Crore for the new DPSUs for Modernization and R&D, under the Omnibus Minor Head 190 – Investment in Public Sector & Other Undertaking under Major Head 4076 (04) – Capital Outlay on Defence Services Estimates.

The existing funds are being distributed based primarily on accrued liabilities and modernization plan of newly created DPSUs.”

(Ref: Replies, Part II, point no 3, page 96)

The Ministry submitted the following information in a written submission regarding the projected amount, Budget Estimates, Revised Estimates and actual allocations in respect of all new DPSUs for the last five years alongwith the projections and Budget Estimate allocation for the year 2023-24:

“Consequent to Government of India decision to corporatize Ordnance Factory Board, Directorate of Ordnance (Coordination & Services) DoO(C&S) has been formed under Department of Defence Production, MoD w.e.f. 01.10.2021. The expenditure for the Directorate will be made from the budget being allocated to Ministry of Defence for Defence Services. Prior to 01.10.2021, the expenditure of Directorate General of Ordnance Factories (DGOF) was made from budget being allocated to Ministry of Defence for Defence Services (Major Head 2079 under Revenue Head and 4076/04 under Capital Head).

Details of projections and allocations made in Budget Estimate (BE), Revised Estimate (RE) and expenditure incurred during the last five years including 2023-24 (BE) in respect of DGOF/ DoO(C&S), are as follows:-

(Rs. In Crore)

Year	BE Projection	BE Allocation	RE Projection	RE Allocation	Expenditure
2018-19	2,678.66	1,530.96	1,778.50	1,276.50	907.13
2019-20	4,300.49	934.63	1,079.88	1,079.88	3,678.76
2020-21	1,652.57	1,443.10	1,336.74	636.74	1,379.95
2021-22	1,527.77	778.88	8,101.81	8,601.81	8,624.01
2022-23	4,284.50	4,284.50	4,212.00	4,212.00	2,845.71*
2023-24	1,741.50	1,741.50	-	-	-

*Expenditure figures in respect of FY 2022-23 are upto December, 2022.

Note:- RE 22-23 and BE 23-24 figures are subject to approval of the Parliament”.

(Ref: Replies, Part III, point no 4, page 66)

1.3 During power point presentation before the Committee, the following information was also given:

“Emergency Authorization Fund for the new DPSUs

- Rs. 2,500 Crore (RE 2021-22)
- Rs. 2,500 Crore (RE 2022-23)

(in Rs. Crores)

DPSUs	2021-22	2022-23
MIL	899.68	449.84
AVNL	552.08	276.04
AWEIL	297.74	148.87
TCL	357.73	178.86
YIL	299.71	149.86
IOL	75.94	37.97
GIL	17.12	8.56
Total	2,500	1,250

(Ref.: Presentation new DPSUs, dated 22.2.23, slide 5)

Budget for modernisation

1.4 The Ministry was asked to state the steps have been/are being taken to modernize the newly constituted DPSUs and Complete details of each project/programme proposed, planned and implemented since their constitution. In a written note, the Ministry apprised the Committee as under:

“In order to keep pace with contemporary manufacturing technologies and to modernize manufacturing units, the new DPSUs are adopting the following steps/methodologies:

- i. **Renewal & Replacement (RR):** For renewal/reconditioning of high value/heavy duty Plant and Machinery (P&M) to restore the original manufacturing accuracies/functions and replacement of old P&M which are Beyond Economical Repair (BER) and those which have become obsolete, with the objective of retaining manufacturing capacities.
- ii. **New Capital (NC):** Acquisition of P&M to incorporate latest available technology for the manufacturing of the future products or for capacity augmentation of existing products and to balance specific manufacturing processes for the current products in the form of NC Demand or through various capacity creation/augmentation projects.

- iii. Civil Infrastructure: DPSUs are continuously modernizing Civil Infrastructure and services viz. Production & Services buildings, Power supply, Water supply, Compressed Air supply etc.

1.5 Details of the major project/programme proposed, planned and implemented since the constitution of new DPSUs are given below:

DPSUs	Details of Project/ Programme by the new DPSUs	Remarks
MIL	Production of BMCS manufacturing plant Ordnance Factory Nalanda	Planned (Supply Order concluded)
	Single base propellant plant for Ordnance Factory Bhandara	Planned (Supply Order concluded)
	RDX plant	Proposed/Planned
	NG plant	
	RDX Compound Plant	
	TNT Plant	
	NC Plant	
	NIGU (PICRITE)Plant	
AVNL	CNC 3D Coordinate Measuring Machine.	Commissioned
	Broaching Machine	
	CNC Gear Grinding Machine	
	CNC Gear Hobbing Machine	
	CNC Induction Hardening M/C	
	CNC 3 Axis CO2 Laser Cutting machine	
	CNC Jig grinding machine	
	300KN CNC Turret Punch press.	
	Automatic Co-ordinate Measurement with Latest Technology.	
	Computerized X-Ray Radiography System	
	SPM Gun Drilling Machine	
	Flexible Machining System with four Machining Centre	
AWEIL	Indigenous production of AK-203 Rifle	Proposed/Planned
	Plant & Machinery for Indigenous production of Stabilised Remote-Control Gun (SRCG)	

TCL	Capacity augmentation for Bullet Resistant Jacket, Helmets to the tune of 25000 nos. with testing facility for Ballistic Protective Gears	Proposed/Planned
	Assembly line for Parachute manufacturing at OEF Hazratpur unit	
	Flexible Assembly line production shop for manufacturing of High-Altitude items at OCFS	
	Production facility for manufacturing of Boot Multipurpose & Snow Boots at the rate of 50000 pair per annum	
YIL	Horizontal Boring & Milling Machine for PINAKA Project	Commissioned
	12T Capacity ESR Plant for manufacturing of Large Calibre Barrels	
	Manufacturing of Medium Calibre Barrels (10 Ton ESR Plant)	
	Hydraulic Forging Press for Steel Complex-II, Re-conditioning of Presses for manufacturing of 155 mm ERFB Shell, 125 mm HE Shell & 130 mm He Shell	Proposed/Planned
	Electrically Heated Round Head Annealing/Anti flaking furnace for new ESR Plant	
	Resistance Welding Line including Fabrication and Connected Automation for Ammunition Container Box H2A (Body)	
IOL	Digital Ballistic Computer and Automatic Target Tracker for T-90 Tank	Proposed/Planned
GIL	Double Needle Normal Machine	Proposed/Planned
	Four Needle Special Purpose Machine	
	ZigZag Normal Machine	

(Ref: Replies, Part II, point no. 6, page 98-100)

1.6 During power point presentation before the Committee, the following information was also given regarding Financial Assistance to the new DPSUs:

For modernization - Rs. 1,643 Crore (2021-22)
- Rs. 1,310 Crore (2022-23)

(in Rs. Crores)

	2021-2022	2022-2023	2023-2024
DPSUs	1,643	1,310	1,310
AWEIL	347.74	226	225
AVNL	310.14	282	290
GIL	3.86	7	2
IOL	24.82	8	6
MIL	696.55	577	580
TCL	7.04	7	7
YIL	252.85	203	200
As per the decision of Empowered Group of Ministers(EGOM), financial assistance to the new DPSUs shall be provided till 2026-27			

(Ref.: Presentation new DPSUs, dated 22.2.23, slide 4)

Order Book Position

1.7 On the issue of Order Book position in the Ordnance Factories for the next five years, the Ministry of Defence apprised the Committee as under:

“Order Book position for the newly created DPSUs for the next five years, DPSU wise, is as under:

(Rs. in crore)

SI. No.	DPSUs	2023-24	2024-25	2025-26	2026-27	2027-28	Total
1	MIL	6788.81	4573.12	4828.92	NIL	NIL	16190.85
2	AVNL	5065.40	5504.30	9840.40	6609.50	560.00	27579.6
3	AWEIL	1915	1194	692	606	385	4792
4	TCL	88.89	17.94	2.37	NIL	NIL	109.2
5	YIL	700					***
6	IOL	2004.98	2255.79	1636.07	16.96	8.39	5922.19
7	GIL	131.5	89.66	55.31	3.72	NIL	280.19
Total		16694.58					

***YIL – The PSU is primarily meant for supplying intermittent products/ raw materials/ Components to other New DPSUs. Therefore, Order Book Position for the next 05 years with services in case of YIL is not available. The contracts with

other New DPSUs are being concluded on year-to-year basis, as per requirement.

The restructuring of erstwhile OFB into newly created DPSUs is aimed at transforming Ordnance Factories into productive and profitable assets, enhance competitiveness and improving efficiency. With more functional and financial autonomy, these new DPSUs would explore newer markets both in the country as well as abroad.

(Ref: Replies, Part II, point no. 5, page 97)

1.8 During oral evidence of the committee, through a Power Point presentation, all the CMDs of the new DPSUs, submitted on the subject as under:

i) **Munitions India Limited (MIL)**

“सर, हम लोगों की जो ऑर्डर बुक है, शुरू में हमें पांच साल के लिए भारत सरकार ने जब कॉर्पोरेशन बनाया तो हमें ऑर्डर्स दिए। आर्मी, नेवी और एयरफोर्स के जो पुराने ऑर्डर्स थे, उनको कॉन्ट्रैक्ट में कन्वर्ट किया गया। उसके अतिरिक्त भी हम लोगों ने अपने एफर्ट्स से पिछले कुछ समय में ऑर्डर्स लिये हैं। अभी जो ऑर्डर बुक पोजिशन है, वह स्क्रीन पर दिखाई गई है।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 50)

ii) **Armoured Vehicles Nigam Limited (AVNL)**

“हमारे पास इस समय जो ऑर्डर बुक पोजिशन है, वह काफी हेल्दी है। इस समय हमारे पास अगले छः साल के जो ऑर्डर पोजिशन हैं, वे इस स्लाइड में दिखाए गए हैं। करीब 36 हजार करोड़ के हमारे पास ऑर्डर्स हैं। उसमें से करीब पांच हजार करोड़ हम इस साल लिक्विडेट कर रहे हैं। उसके बाद, हमारे पास अगले चाल साल का ऑर्डर ऐवलेबल हैं। लॉस्ट ईयर छः महीने के ऑपरेशन्स में हमने 2625 करोड़ रुपये का प्रोडक्शन किया था।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 52)

iii) **Advanced Weapons and Equipment India Limited(AWEIL)**

“सर, जब हमने ऐज ए कॉर्पोरेट काम करना शुरू किया था, तब हमारे पास करीब 4500 के ऑर्डर्स थे। उसके बाद करीब साढ़े तीन हजार करोड़ के ऑर्डर्स हमने ऐड किए हैं। पिछले वर्ष के प्रोडक्शन को निकलाने के बाद करीब 7000 करोड़ के ऑर्डर्स आज मौजूद हैं। फर्दर 4200 करोड़ रुपये के ऑर्डर्स पाइपलाइन में हैं। इस वर्ष के अंत तक करीब 9000 करोड़ रुपये का कैरी फॉरवर्ड ऑर्डर बुक रहेगा, जो रिजनेबली हेल्दी कहा जा सकता है।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 53)

iv) **India Optel Limited(IOL)**

“हमें शुरू में पांच साल क् आर्डर पोजीशन मिला था, उसमें लगभग हमने 658 करोड़ रुपये और जोड़ लिए हैं। आज की तारीख में हमारी आर्डर पोजीशन काफी हेल्दी है। वह 7,647 करोड़ रुपये की है। कल फाइनेली 300 करोड़ रुपये का डीएनएस और असॉल्ट राइफल का जुड़ गया है। हमने डेढ़ साल में लगभग हजार करोड़ रुपये सिक्वोर किए हैं। पोस्ट निगमीकरण और कंपीटिटिव बिडिंग ये तो जैम के जरिए है। जैसा कि मैं बता चुका हूँ, जो पुलिस से डिमांड आती है, वह भी आर्डर इसमें जुड़ता है।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 55)

v) **Troop Comforts Limited(TCL)**

“इसके बाद ऑर्डर बुक पॉजिशन आती है। मैं इसके बारे में थोड़ा सा बताना चाहता हूँ कि जब हमारा डीम्ट कॉन्ट्रैक्ट हुआ था तो डीम्ट कॉन्ट्रैक्ट में हमें केवल एक साल का लोड मिला था, क्योंकि हमारे जो ट्रूप कंफर्ट आइटम्स हैं, उन्हें आर्मी हर साल एनुअल रिक्वायरमेंट पर ऑर्डर प्लेस करती थी इसलिए हमें डीम्ट कॉन्ट्रैक्ट में केवल एक साल का लोड मिला, जिसे हम इस साल पूरा कर रहे हैं। इसके बाद हमें डीम्ट कॉन्ट्रैक्ट में लोड नहीं मिला। हम लोड लाने की कोशिश कर रहे हैं। हम और हमारे अधिकारी, जनरल मैनेजर्स इसके लिए कोशिश कर रहे हैं। हमें उम्मीद है कि हमें लोड मिलेगा और हम ऑर्डर लेकर आएंगे। मैं कुछ उदाहरण देना चाहता हूँ। हम जिस एरिया में पहले नहीं जाते थे, उस एरिया में भी जाकर हम थोड़ा-थोड़ा लोड लेकर आए हैं। हम केरल पुलिस से लोड लेकर आए हैं। लद्दाख पुलिस से भी हमें ऑर्डर मिला है। हमें एमएचए से भी ऑर्डर मिला है। हमें असम पुलिस से भी ऑर्डर मिला है। बिहार पुलिस से भी ऑर्डर मिला है। छोटे-छोटे ऑर्डर्स मिले हैं, लेकिन अब हमारे नए-नए एवेन्यू खुल रहे हैं। हम होपफुल है कि हमारा लोड पोर्शन इम्प्रूव करेगा और इसके अलावा

कोई चारा भी नहीं है। इसके लिए काफी बातचीत भी चल रही है। हमारा जो फाइनेंशियल अचीवमेंट है।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 59-60)

vi) **Gliders India Limited(GIL)**

“ऑर्डर बुक की पोजीशन ऐसी है कि जब 1 अक्टूबर, 2021 को हमारी गेंडफादरिंग हुई थी, उस समय हमें 548.9 करोड़ रुपये के ऑर्डर्स मिले थे। उसके साथ अन्य इंडेंटर्स से हमें 152 करोड़ रुपये के ऑर्डर्स मिले हैं। इस साल अप्रैल के बाद हमें करीब 30.67 करोड़ रुपये के ऑर्डर्स मिले हैं। जनवरी तक हमने जितना सप्लाइ कर दिया है, उसे छोड़कर हमारे पास 502 करोड़ रुपये की ऑर्डर बुक है। इसके अतिरिक्त हमें नेवी, एयरफोर्स, डीआरडीओ और एचएएल से करीब 59 करोड़ रुपये के ऑर्डर्स मिलने की उम्मीद है।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 61-62)

vii) **Yantra India Limited(YIL)**

“जब निगमीकरण हुआ, उस समय हम लोगों को कोई डीमंड कॉन्ट्रैक्ट्स नहीं मिल पाए, क्योंकि हमारी सप्लाइज सर्विसेज़ को नहीं होती है। हमारी जो मेजर कस्टुमर बेस्ड है, वह आर्डिनेंस फैक्टरी ही थी। जो कि अभी इंडिया लिमिटेड, एडबल्यूआईएल और एवीएनएल के अंदर है। पार्टली ग्लाइडर इंडिया लिमिटेड के साथ भी है। जब हमने स्टार्ट किया था, हमारे पास करेंट इयर में 2,410 करोड़ रुपये हैं। जबकि पिछले साल हमारे पास सिर्फ 1,000 करोड़ रुपये का वर्कलोड था। अगले साल के लिए भी वर्कलोड है। उसके अगले साल के लिए भी विभिन्न ईकाई सपोर्ट कर रहे हैं। चूंकि हम लोग बिल्कुल रॉ मैटेरियल से स्टार्ट करते हैं। हमारा लास्ट इयर जो फाइनेंशियल था, हमें पिछले छः महीने में 123 करोड़ रुपये का लॉस हुआ था। यह लॉस जरूर दिख रहा है, लेकिन उसके छः महीने पहले से 400 करोड़ रुपये के लॉस से कम हुआ है।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 57)

1.9 During the discussion on Demands for Grants 2023-24, the Committee desired to know about the very low order book position of Yantra India Limited (YIL), in this regard the CMD, YIL submitted as under:

“यंत्रा इंडिया लिमिटेड की फैक्टरीज हैं, ये म्युनिशियल इंडिया लिमिटेड, एवीएनएल और एडबल्यूआईएल के लिए हार्डवेयर बनाती हैं। जैसे-जैसे हम लोग आगे बढ़ रहे हैं every year they are placing order on us. आपने देखा होगा कि म्युनिशियल इंडिया

लमिटेड की ऑर्डर बुक वर्ष 2026-27 तक लगभग 27 हजार करोड़ रुपये की है। Every year, they are placing orders on us. Now, the Munitions India Limited has also agreed to give three years contract to us and that is why you are seeing some small quantities in the year 2023-24 and 2024-25. Other DPSUs will also be placing orders for next three years. Our order position will also improve.”

(Ref.: Proceeding dated 22.2.23 A/N, Page 64-65)

Research and Development Expenditure

1.10 The Ministry was asked to state about in-house Research and Development conducted in each of the DPSUs for effectively meeting their production challenges and the percentage of research and development expenditure to the overall allocations/ capital/turnover since their inception. In a written note, the Ministry apprised the Committee as under:

“....the manufacturing units under new DPSUs take up in-house Research and Development (R&D) projects for design, development & product upgrade of armament, ammunition and equipment. Ordnance Development Centres (ODCs) in the DPSUs are working in specific technological areas to carryout R&D. These units also take up collaborative R&D projects in association with academic institutions, Govt. owned laboratories and other indigenous private manufacturers.

Expenditure on R&D by new DPSUs, since inception, is as under:

DPSU	R&D Expenditure for 2021-22		Planned R&D Expenditure for 2022-23	
	Value (Rs in Crores)	In terms of % of total Turnover/Vol for year 2021-22 (in %)	Value (Rs in Crores)	In terms of % of total Turnover/ Vol for year 2022-23(in %)
MIL	13.42	0.52%	61	1%
AVNL	7.72	0.22%	20.81	0.43%
AWEIL	7.17	0.67%	42	2%
TCL	0.63	0.11%	5	0.47%
YIL	4.33	0.45%	18.02	0.92%
IOL	1.09	0.19%	3.00	0.28%
GIL	0.16	0.13%	1.05	0.62%

(Ref: Replies, Part II, point no 8, page 102)

1.11 Further on outsourcing of R&D work, the Ministry in its written reply stated as under:

”The new DPSUs, through in-house R&D and in association with DRDO/Industry/Academia have undertaken development of state-of-the-art equipment, weapon/ armament platforms. Major products among them are as under:

- a) Drone assisted delivery Ammunition terminal guided munitions
- b) Guided Bomb
- c) 70mm Rocket
- d) Indigenization of Nuclear Radiation cum Chemical Warfare Agent Detector for Tank T-90.
- e) Development of Automatic Gear Shifter for T-90 Bhisma Tank.
- f) Development/ Production of Electronic Point Detonation (PD Mode) Fuze for Artillery Ammunition
- g) Parachute Tactical Assault Gajtaj-2 system (PTA G-2)
- h) Military Combat Parachute System (MCPS)
- i) 155 x 52 Calibre Towed Gun
- j) 155 x 52 Calibre Mounted Gun System
- k) 60mm Mortar
- l) Area Denial Munitions (DPICM Pinaka)
- m) Pinaka Mk-I enhanced Rocket
- n) Guided Pinaka Rocket
- o) 40mm HE MGL

Newly created DPSUs do take up collaborative R&D projects, seeking assistance in design and prototype development, from the government academic institutions, government owned laboratories and Indian private manufacturers. They outsource R&D tasks to reputed government institutions and government laboratories. Newly created DPSUs have taken up collaborative development projects for new technologies under the umbrella of Make-II as well as iDEX.”

(Ref: Replies, Part II, point no 9, page 103)

1.12 During oral evidence, Director, AVNL apprised the Committee about R&D undertaken by AVNL in the field of protection against anti-tank missiles as under:

“We have already started working in that direction. हमने आरएंडडी प्रोजेक्ट्स लिए हैं और इसमें हमने इस तरह के इनपुट्स हासिल किए हैं, जिससे कि यह पता चले कि क्या-क्या चीजें हमें इनकॉरपोरेट करनी पड़ेंगी, in order to make the vehicles competent enough to work in that kind of environment. Lofting ammunition, active protection system, fourth generation and fifth generation missiles, ये सारी चीजें उसमें इनकॉरपोरेट करने के लिए हमने आरएंडडी प्रोजेक्ट्स लिए हैं। इसके साथ में use of drones, particularly in BMP and mine protective vehicle, इन दोनों में हमने ड्रोन यूज करने के लिए भी आरएंडडी प्रोजेक्ट्स लिए हैं।“

(Ref.: Proceeding dated 22.2.23 A/N, Page 66)

On the subject, CMD, MIL during power point presentation submitted as under:
“हम लोग आर एंड डी पर भी काफी फोकस कर रहे हैं। पिछले वर्ष के छः महीने में हम लोगों ने 13 करोड़ का एक्सपेंडिचर किया है। इस बार हम लोग 60 करोड़ का प्लान कर रहे हैं। आगे आने वाले वर्षों में हम इसको और बढ़ाएंगे। हमारे नौ मुख्य प्रोडक्ट हैं, जिसको हम आर एंड डी प्रोजेक्ट के रूप में डेवलप कर रहे हैं”

(Ref.: Proceeding dated 22.2.23 A/N, Page 51)

On the subject, CMD, AVNL through power point presentation submitted as under:

“हमारा दूसरा फोकस एरिया यह है कि हमारी सर्विसेज को नई व्हीकल्स या नये प्रोडक्ट्स की रिक्वायरमेंट है, उनको हमने डेवलपमेंट के लिए टेकअप किए हैं। उन प्रोजेक्ट्स का टोटल कॉस्ट 414 करोड़ रुपये है। हमने 32 प्रोजेक्ट्स लिये हैं। उनमें से मेजर जो आर एंड डी प्रोजेक्ट्स हैं, वे फ्यूचरिस्टिक टैंक्स, फ्यूचरिस्टिक आईसीबी, लाइट टैंक और ऑपरेटिंग ऑफ टी-72 टू टी-90 2000 हॉर्स पावर है। ये हमारे मेन प्रोडक्ट्स हैं, जिनको हमने आर एंड डी में टेक-अप किए हैं।

सर, इसके बढ़ने के लिए हमने अपना जो मार्ग बनाया है, उसमें सबसे पहला यह है कि Now, we want to become a system integrator so that we can take on a lot of Indian industries also along with us. वे हमारे साथ काम करें और हम सिस्टम इंटीग्रेटेड जैसा काम करें।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 52-53)

CMD, TCL in this regard through power point presentation submitted as under:

“उसी प्रकार हम बहुत सारे आइटम्स डेवलप कर चुके हैं और काफी आइटम्स हम डेवलप करने वाले हैं, क्योंकि हमने फोकस रखा है कि हमारा आरएंडडी जितना स्ट्रॉंग होगा, जितने ज्यादा से ज्यादा हम प्रोडक्ट लेकर आएंगे, उतनी ही हम हमारे टीसीएल की कंसिस्टेंसी को आगे लेकर जाएंगे। आरएंडडी में हमारे पिछले साल का एक्सपेंडिचर 0.4 परसेंट था और इस साल 1.2 परसेंट के आस पास बुकिंग हो चुकी है। अगले साल का लक्ष्य हमारा 2 परसेंट का है और उसके आगे 3 से 4 परसेंट का लक्ष्य हम आरएंडडी में फोकस कर रहे हैं।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 59)

Further, CMD, TCL through power point presentation apprised the Committee as under:

..... जैसा कि मैंने बताया है कि आरएंडडी में अधिक से अधिक फोकस करना है। नए से नए उत्पाद लेकर आना है। हम बहुत सारे ओईएम के साथ बिजनेस पार्टनरशिप पर भी काम कर रहे

हैं। हम नए-नए प्रोडक्ट्स पर भी जा रहे हैं। हमारे आईआईटी दिल्ली, आईआईटी मद्रास से एमओयू हो चुके हैं। निफ्ट से भी एमओयू हुआ है कि हम ड्रेस की डिजाइनिंग भी करे। हमारे बोर्ड ने सिविल मार्केट के लिए भी डिजाइड किया है कि हम बहुत कुछ बना सकते हैं। सिविल मार्केट में हमने एक टारगेट रखा है कि 10 परसेंट हमारा जो टर्न ओवर है, उसे हम सिविल मार्केट में लेकर जाए। आज की तारीख में हमारा बहुत छोटा सा प्रेजेंट फ्लिपकार्ट और अमेजन पर है। उसको हम धीरे-धीरे आगे बढ़ाएंगे।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 60)

CMD, GIL through power point presentation submitted as under on R&D:

- a) Tie up with Academia IITs and Startups for industry led R&D
- b) Association of Parachute Design experts as consultant
- c) Tie up with Foreign OEMs”

(Ref.: GIL presentation dated 22.2.23)

Indigenisation

1.13 The Committee desired to know whether newly created DPSUs have indigenous industrial capability crucial for the country to manufacture and supply quality products to Armed forces, Ministry in its written reply stated as under:

“Yes, Ordnance Factories under newly created DPSUs have indigenous technological and industrial capability for supply of armament, ammunition and equipment”.

(Ref: Replies, Part II, point no. 105, page 11)

1.14 When asked about the inputs of new DPSUs on the progress made in respect of the major steps such as the ‘Make in India’ programme, the Ministry, in a written submission stated as under:

“The Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment, there by promoting self-reliance in defence manufacturing & technology in the country. These initiatives, inter-alia, include according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020; Notification of four ‘Positive Indigenization Lists’ of total 411 items of Services and three ‘Positive Indigenization Lists’ of total 3738 items of Defence Public Sector Undertakings(DPSUs), for which there would be an embargo on the import beyond the timelines indicated against them; Simplification of Industrial licensing process with longer validity period; Liberalization of Foreign Direct Investment(FDI) policy allowing 74% FDI under automatic route; Simplification of

Make Procedure; Launch of Mission DefSpace; Launch of Innovations for Defence Excellence (iDEX) scheme involving start-ups & Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; Launch of an indigenization portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs; Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers; and Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Opening up of Defence Research & Development (R&D) for industry, startups and academia with 25 percent of defence R&D budget; Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

Army Design Bureau and Indian Army is spearheading the achievements in Make II procedure of capital acquisition to give impetus to Make in India flagship programme of Govt of India. The Indian Army is participating in 40 Make II projects presently.

With focus on fast-tracking indigenization, the progresses made by the new DPSUs are as under:

- i. Total 42 raw material/Components/Sub-Assemblies are listed in PIL-Ist, IInd, IIIrd with a time line for indigenisation by MIL.
- ii. Development of Hull for Namica (Nag Missile carrier in BMP-II vehicle) and Bridge Layer Tank (BLT) under Make in India scheme by AVNL.
- iii. Major products indigenized in recent past by AWEIL include Power Pack of 155 X 45 mm Dhanush Gun System, fully indigenized AO 18 barrel of AK 630 Naval gun & Pneumatic Belt Feed Booster of AK-630 Naval Gun System etc.
- iv. Under indigenization project and Make-in-India program, TCL have developed the items viz. seven Layered ECWCS (Extreme Cold Weather Clothing System), Boot Multipurpose, Boot Crampon and Modular Gloves.
- v. IOL has placed 69 Make-II Project Sanction Orders on MSMEs and Start-ups for Indigenisation.
- vi. All items manufactured by GIL have 100% indigenous items without any import content”.

(Ref: Replies, Part II, point no. 12, page 107-108)

1.15 On being asked about the steps taken to bring down the import content in spares and components, Ministry in its written reply stated as under:

“At present, import content in Ordnance Factories items is approximately 8-10% only in which spares and components are also included.

Efforts are being made by the newly created DPSUs to reduce import content further through in-house efforts, Source Development, Make-II procedure etc. The list of imported spares and components is also being displayed on SRIJAN Defence portal for indigenization and development through Indian industry”.

(Ref: Replies, Part II, point no. 12, page 114)

1.16 During oral evidence, CMDs of the new DPSUs also apprised the Committee on the subject as under:

i) **Munitions India Limited(MIL)**

“हम लोग आत्मनिर्भर भारत को आत्मसात करते हुए इंडिजेनाइजेशन के ऊपर बहुत फोकस करते हैं। इस समय हम जो प्रोडक्ट बना रहे हैं, उसमें इंडिजेनस कंटेंट 95 परसेंट है। केवल 5 परसेंट कंटेंट ही ऐसा है, जिसमें हमें बाहर से लेना पड़ता है।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 51)

ii) **Armoured Vehicles Nigam Limited (AVNL)**

“Indigenisation is definitely one of the main strengths of AVNL. हमारे जितने भी प्रोडक्ट्स हैं, उसमें इंडिजेनाइजेशन का लेवल बहुत हाई है। कुछ प्रोडक्ट्स तो ऑलरेडी हंड्रेड परसेंट इंडिजेनस हैं। जो पहले बुलेट प्वाइंट में दिखाये गए हैं- जैसे सीआरएन-91 नेवल गन, कवच, नेवल डेक्वाय सिस्टम, इस तरह से कुछ माइन प्रोटेक्टेड व्हीकल और लॉजिस्टिक व्हीकल हैं, जो इंडिजेनस हैं। जितने भी टैंक में इंजन लगते हैं, टी-72 और टी-90 टैंक में जो लगते हैं, वे पूरी तरह से इंडिजेनस हैं। इसके अलावा जो टी-72 टैंक है, वह 96 परसेंट इंडिजेनाइज्ड हो गया है। टी-90 टैंक करीब 82 परसेंट है। बीएमपी जो आईसीबी व्हीकल है, वह 98 परसेंट है और उसका जो इंजन है, केवल वही 90 परसेंट है। बाकी, दोनों इंजन ऑलरेडी 100 परसेंट हो गए हैं। इसी तरह से अभी हमने इंडिजेनाइजेशन के लिए जो नये आइटम्स लिये हैं, उनकी संख्या 31 हैं। उनमें से 8 आइटम ऑलरेडी इंडिजेनाइज्ड हो गए हैं। उससे हमें जो सेविंग अचीव हुई है, वह 112 करोड़ रुपये है।”

(Ref.: Proceeding dated 22.2.23 A/N, Page 52)

iii) **Advanced Weapons & Equipment India Limited(AWEIL)**

“हमारा स्वीदेशीकरण प्रतिशत भी काफी हाई है, जो 94 प्रतिशत है, जो बैलेंस 6 प्रतिशत है, हम लोग अगले तीन सालों में उसको हासिल कर लेंगे। हमारा मेजर फोकस एरिया आरएंडडी है, डोमेस्टिक और ग्लोबल रिक्वायरमेंट्स को कैंटर करते हुए, हमने सारे प्रोडक्ट रेंज में प्रोडक्ट्स आइडेन्टीफाई किए हैं। हम उन पर काफी अच्छे से काम कर रहे हैं। ज्यादातर प्रोडक्ट्स डिस्प्लेड हैं। हम सभी प्रोडक्ट्स का इंटरनल ट्रॉयल कंप्लीट कर चुके हैं और उसको लॉन्च करने की स्टेज में हैं। पिछले वर्ष के सेकेंड हॉफ में हमारे जो मेजर अचीवमेंट्स रहे हैं,

देश का पहला स्वदेशी डेवलेप एंड डिजाइन आर्टीलरी गन धनुष था, जो इंडियन आर्मी में इंडक्ट और डिप्लॉई हो चुका है। राइफल फैक्टरी, ईशापुर जो हमारी ग्रुप में आती है, उसको पिछले वर्ष इनोवेशन प्रोडक्ट की कैटेगरी में गोल्ड अवॉर्ड मिला था।”

(Ref.: Proceeding dated 17.2.22 A/N, Page 54)

iv) **India Optel Limited(IOL)**

“स्वदेशीकरण हमारा मेन थ्रस्ट रहा है। स्वदेशीकरण से एक तो कॉस्ट में कमी आती है और हमने उसके लिए स्टार्ट अप्स को फोकस किया है। स्टार्ट अप्स, आईआईटी और एमएसएमई के साथ मिलकर जितने भी इंपोर्ट ओरिजन के कंपोनेंट्स थे, हमने उनको काफी हद तक किया है। बैटल टैंक के साइट सिस्टम की 8-10 स्वदेशीकरण हो चुका है। हमने छः महीने के अंदर ड्राइवर नाइट साइट डेवलेप किया है और हमको इमरजेन्सी प्रिक्वोरमेंट में कल ऑर्डर भी मिल गया है। छः महीने के अंदर ये सारी चीजें हुई हैं। टी-72 तो 100 प्रतिशत है, बीएमपी 100 प्रतिशत स्वदेशी है। टी-90 में 76 प्रतिशत है, जो इस साल 82 प्रतिशत तक चला जाएगा।”

(Ref.: Proceeding dated 17.2.22 A/N, Page 47)

v) **Yantra India Limited(YIL)**

“इसके अलावा हमारी एक यूनिट ऐसी है, जहां पर 100 प्रतिशत स्वदेशीकरण है। हमारा कोई भी रॉ मेटेरियल कहीं से भी इंपोर्ट नहीं होता है। 100 प्रतिशत स्वदेशीकरण मैनुफैक्चरिंग होती है और जीरो प्रतिशत इंपोर्ट है। यह हमारी सबसे बड़ी ताकत है। आत्मनिर्भर भारत में यंत्र इंडिया लिमिटेड ऐसी ईकाई है, जहां पर ऑलरेडी स्वदेशी मैनुफैक्चरिंग होती है। इसके अलावा हम कुछ मेजर आरएंडडी प्रोजेक्ट्स भी कर रहे हैं, जिसमें इंडिया लिमिटेड के साथ मिलकर हम कार्य कर रहे हैं। जो स्मार्ट एम्युनेशन है या डीपीआईसी है, पिनाका के वैरियर रॉकेट्स हैं, गाइडेड रॉकेट्स हैं, इलेक्ट्रॉनिक एंड मैकेनिकल फ्यूजेज हैं। हम लोग इन सबसे नए प्रोजेक्ट्स ले रहे हैं और नए प्रोडक्ट्स डेवलेप कर रहे हैं।”

(Ref.: Proceeding dated 17.2.22 A/N, Page 57)

vi) **Troop Comforts Limited(TCL)**

“चूँकि ट्रूप कम्फर्ट लिमिटेड की जो प्रोडक्ट रेंज है, ट्रेडिशनली जितने भी प्रोडक्ट हैं, वे बहुत लॉ एंट्री बेरियर है। हमने यह डिसाइड किया कि जो स्पेशल प्रोडक्ट्स हैं, उन्हें हम बनाए। उसमें हमने फोकस इंडिजिनाइजेशन पर किया। इंडिजिनाइजेशन हमारा नहीं है, क्योंकि हम जो प्रोडक्ट्स बनाते हैं, आज के समय हमारा 100 परसेंट इंपोर्ट जीरो हो गया है। आज पूरा का पूरा

इंडिजिनाइजेशन है, लेकिन हमने यह देखा कि हमारा मेजर कस्टमर इंडियन आर्मी है और 90 से 95 परसेंट हमारा प्रोडक्ट इंडियन आर्मी को जाता है। हमने देखा कि जो इंडियन आर्मी इम्पोर्ट करती है, उसको हमने पहले टारगेट किया कि इस आइटम को हम बना सकते हैं। उसको हमने डेवलप किया।”

(Ref.: Proceeding dated 17.2.22 A/N, Page 59)

vii) **Gliders India Limited(GIL)**

“मैं गगनयान का रिकवरी पैराशूट सिस्टम हम लोगों ने सक्सेसफुली बनाया और सप्लाई किया है। उसकी ट्रायल्स होनी है, लेकिन जो इंस्पेक्शन रिपोर्ट है, उसके हिसाब से यह पास हुआ है। ड्रोन रेस्क्यू पैराशूट्स, जिसकी रिकवायरमेंट और मार्केट आने वाले समय में बढ़ने वाला है। हमने इसका डिजाइन इन-हाउस, अपने ही रिसोर्स से किया था। मार्केट में लांच करने के लिए यह आइटम भी रेडी है।”

(Ref.: Proceeding dated 17.2.22 A/N, Page 43)

Export

1.17 When the Ministry was asked to provide comparative figures during each of the last three years regarding the quantity and value of the products exported, in its written reply it was stated:

“Newly created DPSUs have identified export focus area to expand their business. They are proactively pursuing various leads received from government and other channels. The newly created DPSUs export products to the friendly countries based on the export clearance given by the Government. The details of last three years of export by the erstwhile OFB to various countries are tabulated below:

(Rs. in Crore)		
S. No.	Year	Value
1	2019-20	140.94
2	2020-21	94.61
3	2021-22	81.08

(Ref: Replies, Part II, point no. 14, page 110)

i) **Munitions India Limited(MIL)**

CMD, MIL also submitted during oral evidence:

“सर, मुझे यह बताते हुए हर्ष हो रहा है कि पिछले 18 महीनों में हम लोगों ने एक्सपोर्ट के फील्ड में काफी काम किए हैं और काफी कोशिशों की हैं। हमें 2000 करोड़ रुपये के फर्म ऑर्डर्स

मिल चुके हैं और लगभग 1500 करोड़ के ऑर्डर फाइनल स्टेज में हैं। हमें पूरा विश्वास है कि मार्च के एंड तक लगभग साढ़े तीन हजार करोड़ के ऑर्डर्स हमारे बुक हो जाएंगे।”

(Ref.: Proceeding dated 22.2.23, A/N, page 51)

ii) **Armoured Vehicles Nigam Limited (AVNL)**

CMD, AVNL submitted:

“इसी तरह से हमारा अगला फोकस कस्टमर डायवर्सिफिकेशन के लिए है। वह बेसिकली एक्सपोर्ट के लिए है कि हम जिस-जिस कंट्री में पॉसिबल है, वहां हम एक्सपोर्ट करें”

(Ref.: Proceeding dated 22.2.23, A/N, page 53)

iii) **Advanced Weapons & Equipment India Limited(AWEIL)**

CMD, AWEIL also submitted:

“हमने जैसा बताया है कि करीब 35 करोड़ रुपये के एक्सपोर्ट ऑर्डर्स हासिल किए हैं और हम लोग दूसरे लीड में काम कर रहे हैं।”

(Ref.: Proceeding dated 22.2.23, A/N, page 54)

During power point presentation before the Committee, the following information was also given:

AWEIL has received orders for Artillery Gun spares, small arms.

(Ref.: Presentation dated 22.2.2023, slide 23)

iv) **India Optel Limited(IOL)**

CMD, IOL also submitted on the subject:

“जैसा कि मैंने पहले बताया है, हमारे सब सिस्टम्स हैं। हम मेन प्लेटफार्म नहीं बनाते हैं। ये सब चीजें हैं, हमें जिसके लिए इन्क्वॉयरी मिली है। जो बेचते हैं, हम उनके थ्रू बिजनेस एक्सपोर्ट करते हैं। हमको डॉयरेक्ट एक्सपोर्ट की क्वैरी नहीं आती है। ये हमारा एक डिसएडवांटेज है, लेकिन फिर भी कई सारी कंपनियों में हमारा सामान जाने के प्रोसेस में है।”

(Ref.: Proceeding dated 22.2.23, A/N, page 55)

During power point presentation before the Committee, the following information was also given:

- i. Simulation testing & Interrogation kit, Sights OF T-72 Tank, Sights of BMP-II, Hand held Thermal Imager and Telescope 84 mm RL MK-III are products of IOL with export potential
- ii. Codifying all equipment as per NATO standardization
- iii. Regularly interacting with customer/Government agencies, various Indian embassies abroad to follow-up export leads.
- iv. Focussed countries for exports are Algeria, Sri Lanka, Middle East Countries, Philippines, South Africa, Nigeria, Bhutan & Nepal

(Ref.: Presentation, dated 22.2.23, slide no. 29)

v) **Yantra India Limited(YIL)**

CMD, YIL also submitted:

“हम लोगों ने थोड़ा-सा एक्सपोर्ट के ऊपर भी ध्यान दिया है। आज की तारीख में हमारे पास एक्सपोर्ट में लगभग 110 करोड़ रुपये का आर्डर मिला है, एक्सपोर्ट के आर्डर यूरोपियन कंट्रीज से भी आ रहे हैं और साउथ ईस्ट से भी आ रहे हैं।

इस तरह से एन्क्वारीज़ आ रही है, जिससे हमें लगता है कि आने वाले समय में हमें और ज्यादा मिलिट्री हार्डवेयर के एक्सपोर्ट की अपॉर्चुनिटी मिलने वाली है।”

(Ref.: Proceeding dated 22.2.23, A/N, page 57)

During power point presentation before the Committee, the following information was also given:

Export order received for Shell 155mm (worth Rs. 110.10 crore)

(Ref.: Presentation, dated 22.2.23, slide no. 36)

vi) **Troop Comforts Limited(TCL)**

CMD, TCL also submitted during oral evidence on that subject that:

“हमारे ऐसे प्रोडक्ट है कि हम एक्सपोर्ट के लिए भी कोशिश कर रहे हैं। हमने बहुत सारे चैनल पार्टनर नियुक्त किए हैं। हमारी नेपाल से बातचीत चल रही है। एल्जीरिया से बातचीत चल रही है। उस पर भी हम ध्यान दे रहे हैं।”

(Ref.: Proceeding dated 22.2.23, A/N, page 60)

vii) **Gliders India Limited(GIL)**

During power point presentation before the Committee, the following information was given by representatives of GIL:

- a. GIL has successfully completed first Export order for Malaysia
- b. Continuous engagement with Das & OEMs, Channel partners.
- c. Pursuing leads received from Vietnam, Turkmenistan, Angola, Malaysia, Kenya.

(Ref.: Presentation, dated 22.2.23, slide no. last page)

CHAPTER – II

DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION

The Committee understand that Defence Research & Development Organization has come a long way since its inception in the year 1958. Starting with only 10 laboratories, DRDO has grown multi-dimensionally and has evolved to be a core research organization with a vast network of 52 laboratories and establishments spread across the country. With a vision to empower India with cutting-edge technologies and equip our Services with internationally competitive systems, DRDO has proven its competence to produce state-of-the-art strategic and tactical military hardware and related technologies in diverse disciplines such as Aeronautics, Armaments, Combat Vehicles, Combat Engineering, Electronics, Missiles, Life Sciences, Materials and Naval Systems. At the core of this technological strength of DRDO is its expertise in system design, system integration, testing and evaluation and project management built over the last five decades, which has enabled it in developing indigenous capabilities in weapons and their delivery systems. DRDO also plays significant roles to provide scientific and technological advice on aspects of weapons, and platforms surveillance to the Ministry of Defence in support of Defence policy to support National Cyber Security Architecture – testing capabilities, security solutions, testing hardware, indigenous NW systems, Defence tools, support operations. The Organization also advises the Government to make technical assessments of international security threats and the military capabilities of both current and potential adversaries.

Budgetary Provisions

2.2 Details of Budget Estimate, Budget Allocations for the Department of Defence Research & Development (R&D) at different Budgetary stages for last five years along with the Projections and Allocations at Budget Estimates for the year 2023-24 is as under:

(Rs in cr)

Year	BE Proposed	BE Approved	RE Approved	MA Approved
2019-20	22953.95	19021.02	17730.78	17730.78
2020-21	23457.40	19327.35	16466.29	16145.74
2021-22	23460.00	20457.44	18337.44	18720.44
2022-23	22990.00	21330.20	21130.20 (adopted)	-
2023-24	23790.00	23263.89 (adopted)	-	-

The budget of DRDO has been around 5-6% of the Defence Budget. A major amount of this goes expenses towards Strategic schemes & CCS Projects/ Programmes, pay & allowances and other non-salary revenue expenditure, each

of which essentially keeps growing every year. Instructions have been issued to Labs to undertake projects on critical, advanced and futuristic technologies and systems that Indian industries cannot do. DRDO has identified 108 exclusive systems for development by industry which will not be taken up by DRDO. This will substantially cut expenditure on development of certain technologies. DRDO envisages taking up projects/ programmes for development of technologies for large weapon systems, platforms and sensors in future.”

(Ref. Replies Part I, page 80, point 1)

Expenditure on Research & Development

2.3 During the Budget announcement for 2022, it has been announced that Defence R&D will be opened up for industry, Startups and academia with 25 per cent of the Defence R&D budget earmarked. Defence R&D has been opened up with 25% of defence R&D budget earmarked for the purpose and substantive funding is being done to industry, start-ups and academia. This is being implemented through various existing schemes and new schemes have also been proposed and approved. This would lead to an equal amount of deficit in the budget of ongoing and future projects of DRDO. Therefore, an equal amount of budget enhancement is required to ensure that research and development activities continue as envisaged by DRDO.

(Ref.: Replies Part I, page 80, point 1)

2.4 During examination of Demand for Grants 2023-24, a representative of DRDO, through a Power Point presentation before the Committee submitted the following information:

“सर, बजट पर हम आएंगे तो वर्ष 2022-23 का बजट हमारा लगभग 21 हजार करोड़ रुपये रहा है जो कि डिफेंस बजट का 5.53 परसेंटेज है। वर्ष 2023-24 में बजट जो हमने मांगा है, वह है 23,260 करोड़ रुपये के आस-पास है।

सर, ये हमारे पिछले पाँच सालों के बजट के आंकड़े हैं। इस वर्ष हमें जो प्रदान किया गया है, वह रक्षा बजट का 5.1 प्रतिशत है। पिछले बजट में यह घोषणा की गयी थी कि हम अपने 25 प्रतिशत डिफेंस आर. एण्ड डी. बजट, इंडस्ट्रीज और एकैडेमिया के लिए खोलेंगे तो हमारे आर. एण्ड डी. बजट की कुल वैल्यू लगभग 5,000 करोड़ रुपये है तो उसमें से 1,300 करोड़ रुपये हमने इंडस्ट्री और एकैडेमिया के यूज के लिए मार्क किया है, जिसमें से इस साल के बजट में अब तक हम लगभग 750 करोड़ रुपये खर्च कर चुके हैं।”

(Ref.: Proceeding, dt. 22.2.2023, A/N, page 36)

2.5 The Ministry was asked to furnish the details regarding the percentage of expenditure on Research and Development to the overall Gross Domestic Product (GDP) during each of the last five years and how this percentage compares with that of the developed countries, the Ministry supplied the following information:

- i. "Defence R&D Final allocation as a percentage of GDP w.e.f 2017-18 is as under:

(Rs. in cr)			
Year	TOTAL GDP	DD R&D Exp	DD R&D Exp as % of TOTAL GDP
2017-18	17090042.00	15203.04	0.088
2018-19 (2nd RE)	18886957.00	17049.01	0.090
2019-20 (1st RE)	20351013.00	17375.13	0.085
2020-21 (PE)	19745670.00	15706.98	0.079
2021-22 (1st AE)	23214703.00	18290.98	0.078
2022-23	-	21130.20 (RE)	-

DRDO is involved in the development of new technologies & systems in domain areas of Missiles, Aeronautical Systems, Armaments & Combat Engineering Systems, Naval Systems, Electronics & Communication Systems etc. Some of the new Research and Development projects being formulated during the current year are-Advanced Medium Combat Aircraft, Twin Engine Deck Based Fighter, Unmanned Aerial Vehicle, Extended Range Surface to Air Missile, Full Mission Simulators for LCA, Advanced Material for Aero Engine Components, Bridging Solutions, Void Sensing Fuse, Unmanned Surface Vehicles etc."

(Ref.: Replies Part I, page 84, point 4(i))

2.6 The Ministry was requested to furnish the details of the projection and allocation for Thirteenth Plan in respect of Research and Development, the Ministry supplied the following information:

"The projections and allocations for Research and Development for the Thirteenth Defence year Plan along with Projections and Allocations (adopted) for this field is as under:

(Rs. in crore)		
Year	BE Proposed	BE Approved
2017-18	19935.60	14818.74
2018-19	22203.74	17861.19
2019-20	22953.95	19021.02
2020-21	23457.40	19327.35
2021-22	23460.00	20457.44
2022-23	22990.00	21330.20
2023-24	23790.00	23263.89

(Ref.: Replies Part I, page 85, point 4(iii))

The comparison of Defence allocation and D DR&D allocations at BE stage during each year of 13th Plan period is as under:

(Rs in crore)

Year	Defence Expenditure	Budget allocated to R&D at BE stage	%age of Defence Expenditure
2018-19 (BE)	2,79,305.32	17,861.19	6.39
2019-20 (BE)	3,05,296.07	19,021.02	6.23
2020-21 (BE)	3,23,053.00	19,327.35	5.98
2021-22 (BE)	3,47,088.28	20,457.44	5.89
2022-23 (BE)	3,85,370.15	21,330.20	5.53
2023-24 (BE)	4,55,332.64	23,263.89	5.10

(Ref.: DRDO presentation, page 30)

2.7 When asked to furnish the reasons for the decline, if any, in the allocation made on Research and Development to the total Defence Budget during the Thirteenth Plan period and projects which have suffered due to reduced allocation, if any, the Ministry supplied the following information:

“There was no decline in the allocations made on research and development to total Defence Budget during each year of the 13th plan period.”

(Ref. Replies Part I, page 85, point 4(iv))

DRDO collaboration with Private Industries

2.8 On the issue of mechanism for transferring DRDO technologies to Indian industries/DPSUs/OFBs (now newly constituted DPSUs) in respect of transfer of technology and major achievements of DRDO in respect of transfer of technology to industries during the last three years, the Ministry submitted in its written reply:

“DRDO has laid down procedure by which DRDO developed technologies are transferred to industries by entering into Licensing Agreement for Transfer of Technology (LATOT) for both military products and civilian spin offs products. The Category ‘A’ technologies pertain to the technologies for Military application, MHA and Government Departments. While the Category ‘B’ technologies pertain to the technologies for commercial application.

These technologies are hosted on DRDO website and Indian industry can take these high end defence technologies as per the provisions on DRDO policy and procedure for transfer of technology.

'Nil' ToT fee is charged from the industry partners (Development cum Production Partners (DcPP)/ Development Partner (DP)/ Production Agency (PA)) and zero royalty for supply to Indian Armed Forces and Govt Deptt. However, if the industry partner is not the DcPP/ DP/ PA, 5 % of Project cost/ Development cost is charged as ToT fee from industries for ToT of Category 'A' technologies. Further, to execute ToT of Category B technologies i.e. dual use spin off technologies, DRDO has entered into MOUs with four leading industry chambers namely Associated Chamber of Commerce and Industry of India (ASSOCHAM), Confederation of Indian Industry (CII), PHD Chamber of Commerce and Industry (PHDCCI) and National Research Development Corporation (NRDC) for technology assessment and commercialization of dual use, non-security sensitive technologies so that fruits of our technological progress reach the common man, by charging a nominal ToT fee.

For the last three years, 599 Nos. of LAToTs have been signed with industries."

(Ref.: Replies Part I, page 85, point 4(iv))

2.9 With regard to private industries collaboration with DRDO, during examination of Demand for Grants 2023-24, the Ministry, through a Power Point presentation before the Committee submitted:

“सर, यह ये सारे के सारे सिस्म्स डीआरडीओ अकेले नहीं बनाती है। हम ये सारे अपने इंडस्ट्री पार्टनर्स और अकेडमिक इंस्टिट्यूट्स के साथ मिल कर बनाते हैं ताकि हम फोर्स की जरूरतों को पूरा कर पाएं।

इंडस्ट्रीज़ के लिए हमने कई ऐसी पॉलिसीज़ और नीतियां बनाई हैं जो हम आपके सामने प्रस्तुत कर पाएंगे। इंडस्ट्री को हम अपना डेवलपमेंट कम प्रोडक्शन पार्टनर मानते हैं। जब से हम अपने डेवलपमेंट का काम शुरू करते हैं, इंडस्ट्री हमारे साथ मिल कर वह काम करती है ताकि वह डिफेंस के एरिया में डिज़ाइन एण्ड डेवलपमेंट करना सीखे ताकि जब अगला वर्जन जाए तब वह पूर्ण तरह से स्वयं ही काम कर पाए। इससे ट्रांसफर ऑफ टैक्नोलॉजी के समय में भी बचाव होता है। ट्रांसफर ऑफ टैक्नोलॉजी के साथ ही हमने अपने सारे पेटेंट्स भी इंडियन इंडियन इंडस्ट्रीज़ के लिए फ्री ऑफ कॉस्ट खोल दिए हैं और वे डीआरडीओ के किसी भी पेटेंट का प्रयोग किसी भी प्रोडक्ट बनाने के लिए कर सकते हैं। सर, हमने जो अपने टेस्ट फेसिलिटीज़ प्रस्तुत किए हैं, वे सारे के सारे इंडियन इंडस्ट्रीज़ के लिए उपलब्ध हैं।”

(Ref.: Proceeding dated 22.2.23(A/N), page35-36)

He further apprised the Committee as under:

“.....टेस्ट एण्ड ट्रायल्स के लिए स्वतंत्र नोडल एजेंसी के ऊपर भी हमने अपनी टेस्ट सुविधाएं इंडस्ट्रीज के लिए खोल चुके हैं। हमारी वेबसाइट पर ये सभी उपलब्ध हैं। रक्षा मंत्रालय की तरफ से एक स्वतंत्र निकाय बनाने का कार्य भी प्रगति पर है।”

(Ref.: Proceeding dated 22.2.23(A/N), page 36)

2.10 When asked about funds given under the Technology Development Fund of the Public Private Partnership and technology transfer to the private industry, Secretary, DDR&D apprised the Committee:

“सर, अभी तक हमने 287 करोड़ रुपये के 68 प्रोजेक्ट्स दिए हैं। कुल 133 प्रोजेक्ट्स हैं। पहले हम एक प्रोजेक्ट में दस करोड़ रुपये तक देते थे, अभी हमने यह बढ़ाकर प्रत्येक प्रोजेक्ट के लिए 50 करोड़ रुपये भी दे सकते हैं।”

(Ref.: Proceeding dated 22.2.23(A/N), page 39)

2.11 On the query raised by the Committee about why funding from the private sector also is not explored at the beginning of the development of the product, Secretary, DDR&D apprised the Committee that:

“When we advertise that we want to do this, it is based on their capability as well as what they quote in terms of how much they will charge for working with us. If somebody is saying that they are willing to fund, we will choose them as a partner. But right now, no private sector company has come ahead and said that they are willing to fund the development. Our private sector is very reluctant to fund development. So, what happens is, we say that on this technology we need partners. We ask them to quote a price for doing the kind of development which we are interested in. And then we choose the people who quote the minimum. That is the process we follow for identifying the partner. Or course, they have to have a certain capability assessment done by our Technical Assessment Committee. We have to judge that they have the capability to make such a system”.

(Ref.: Proceeding dated 22.2.23(A/N), page 43)

2.12 On the issue of benefits accrued by DRDO from production orders of equipment developed by DRDO, the Secretary, DRDO, replied as under:

“Sir, we do not benefit at all because finally the user is also the Government. What happens is, we choose our partners through a transparent process. We do an Express of Interest (EOI) to identify whom we will work with as a development-cum-production partner or as a production agency. If they are selected as our partners, there is no initial Transfer of Technology (TOT) fee for

them. If after our development is complete and then they take our technology, then there is a TOT fee. That TOT fee is calculated in a very transparent fashion based on how much money we have spent on accomplishing the target, the project money which we have spent. It is five per cent of that project cost. It is the same for anyone. We advertise our technology that this technology is available and then we decide for the amount of production which is expected how many companies can viably produce that. We say there will be two technology transfers for this product. Where the number of orders can be large, we even give it to five, ten people who are interested”.

(Ref.: Proceeding dated 22.2.23(A/N), page 43-44)

2.13 On enquiring about the Transfer of Technology (ToT) fee from 5% of the total cost of project, Secretary, DRDO, replied as under:

“सर, सरकार का विचार था, क्योंकि बायर भी सरकार है। कंपनी फाइनली वह कॉस्ट सरकार पर ही लगाएगी, जब वह बेचेगी।

(Ref.: Proceeding dated 22.2.23(A/N), page 44)

2.14 On the issue of trusting our businessmen for the development of things which are of sensitive nature, Secretary, DRDO, replied as under:

“We are also encouraging it. If private sector is willing to do any development, we are not getting into that development”.

(Ref.: Proceeding dated 22.2.23(A/N), page 48)

Delay of projects

2.15 During the Course of evidence an issue was raised by the Committee regarding delay in mission mode projects of DRDO. The Committee learnt from the CAG report which was tabled in the Parliament on 21 December 2022 wherein it was stated that they looked at some 178 projects. Out of these 178 projects, in 119 which is two-third, the original time schedules are not adhered to. In 49 cases, the additional time was in fact more than 100 per cent of the original time frame and overall, the delay is ranged between 16 per cent to 500 per cent. They have said that there have been time and cost overruns in completion of projects, there have been closure of projects declaring them successful despite non-achievement of one or more key objectives and parameters and taking up of new projects for realizing the unachieved objectives of the earlier closed projected declared as successful.

In this regard, Secretary, DRDO apprised the Committee as under:

“सर, हर प्रोजेक्ट अलग-अलग स्टेजेज पर हैं, हम आपको लिखित में इसका जवाब दे देंगे।”

(Ref.: Proceeding dated 22.2.23(A/N), page 38)

Self-reliance and indigenisation

2.16 On the issue of self-reliance in fighter aircraft, Airborne Early Warning and Control (AEW&C) aircraft, and Airborne Warning and Control System (AWACS) aircraft, a representative of the DRDO stated as under:

“In the AEW&C and AWACS programmes, we do not do the aircraft. We take the aircraft from airlines. We put sensors on it which allow that aircraft to act as a surveillance system. So, it flies and looks at objects coming towards the country from more than 350 kms. AEW&C Mark-I has already been inducted into the Air Force. AEW&C Mark-II started one year ago and we have a PBC of sixty months to complete this.”

(Ref.: Proceeding dated 22.2.23(A/N), page 39)

2.17 On the query raised by the Committee about the proposal to indigenize the engine of LCA in near future, Secretary, DRDO apprised the Committee as under:

“We had worked on an engine called Kaveri engine which was supposed to go into LCA when the programme started but the development of Kaveri did not reach its objective. That is why LCA is now flying with the GE engine. Now, LCA programme has reached a point where all the manufacturing of LCA will happen and the indigenous engine will not be able to meet the requirement of LCA. Now, for the AMCA Programme, we need a much higher class engine, i.e. 110 kN engine which requires a quantum jump in technology. What our current thinking and the Government's thinking also is that we will get into this development of 110 kN engine in a joint development mode with the foreign OEM as well as the Indian private sector, DRDO and HAL. We will form a consortium and work on this new class of engine which will then serve AMCA Programme in its phase-II.”

(Ref.: Proceeding dated 22.2.23(A/N), page 40)

Nuclear, Biological and Chemical (NBC)

2.18 During examination of Demand for Grants 2023-24, a representative of DRDO, through a Power Point presentation before the Committee on Nuclear, Biological and Chemical (NBC) submitted the following information:

“कैमिकल, बायोलॉजिक, रेडियोलॉजिक एण्ड न्यूक्लियर डिफेंस सिस्टम्स के डिटेक्शन, प्रोटेक्शन एण्ड डीकॉन्टेमिनेशन से रिलेटिड हर प्रकार का रिसर्च एवं डेवलपमेंट इस संस्थान में किए जाए जा रहे हैं और इसके कई प्रोडक्ट्स सेवाओं में यूज़ भी किए जा रहे हैं।”

(Ref.: Proceeding dated 22.2.23(A/N), page 33)

2.19 On the query raised during the oral evidence regarding future perceptions and dangers of chemical and biological weapons, Secretary, Defence R&D further clarified:

“Sir, we have a laboratory, DRD Gwalior, which works on biological and chemical warfare, defence against biological and chemical warfare agent. We also have full-fledged NBC programme to take action against nuclear attack also. We have a laboratory in Jodhpur which works on NBC products. We have other laboratories like DMSRDE Kanpur and DEBEL which also develops NBC products. So, we have a programme for defence against biological and chemical weapons as well as nuclear weapons”.

(Ref.: Proceeding dated 22.2.23(A/N), page 37)

CHAPTER – III

NATIONAL CADET CORPS

The Committee are aware that National Cadet Corps (NCC) was established under the NCC Act, 1948. NCC aims at developing character, comradeship, discipline, a secular outlook, the spirit of adventure and ideals of selfless service amongst young citizens. Further, it aims at creating a pool of organized, trained and motivated youth with leadership qualities in all walks of life, so that they become useful citizens and serve the Nation with all their might regardless of the career they choose. Needless to say, the NCC also provides an environment conducive to motivating young Indians to join the armed forces. The motto of NCC is 'Unity and Discipline'.

NCC has a dual funding pattern where both the Central and State Governments meet the expenditure on NCC activities in a properly specified manner. The idea behind sharing of expenditure by the State Governments is to ensure that they too have a sense of participation and belonging in the various activities undertaken by the NCC cadets towards nation-building. The Central Government bears expenditure on the following items:-

- (a) Pay & Allowances of Services and Civilian personnel
- (b) Transport expenses
- (c) Expenditure on office accommodation and contingencies in Directorate General, NCC, State NCC Directorates and Training Academies
- (d) Expenditure on equipment, vehicles and clothing
- (e) 75% expenditure on Camp training in all States (except J&K and North Eastern Region – Sikkim, where it is 100%).

The State Government bears expenditure on:

- (a) Pay & Allowances of State Government Civilian employees posted to NCC
- (b) Office accommodation and Contingencies in NCC Group Headquarters and Units
- (c) Allowance for NCC cadets and Associated NCC Officers(ANOs)
- (d) Institutional training in all states (except J&K and North Eastern Region - Sikkim)
- (e) 25% of camp expenditure in all States (except J&K, North Eastern Region and Sikkim).

The Committee are also aware that today, NCC is the largest uniformed youth organisation in the world. Under the Headquarters, DG, NCC, there are 17 State Directorates covering 28 States and 9 Union territories. It has 98 Group Headquarters under that there are 825 Units in the country.

(Ref. presentation, page 3)

As on date, 20,390 educational institutions have been covered under NCC. The total number of cadets enrolled in NCC as of January 2023 is 15,00,744.

(Ref. Replies part III, page 78, point 3)

BUDGET

3.2 The Committee have found that details regarding the allocations made to the NCC in Revenue and Capital head by the Ministry and expenditure incurred during the last five years including 2023-24 is as under:

Revenue Head

(Rs. In Crore)(Gross figures)			
Year	BE Projection	BE Allocation	Actual Expenditure
2018-19	1,871.92	1,561.81	1,415.36
2019-20	1,859.03	1,607.28	1,551.59
2020-21	1,968.20	1,661.50	1,503.85
2021-22	2,385.81	1,635.76	1,679.15
2022-23	2,424.75	1,956.43	1,451.12*
2023-24	2,763.12	2,763.12	-

Capital Head

(Rs. In Crore)			
Year	BE Projection	BE Allocation	Actual Expenditure
2018-19	38.50	22.40	20.39
2019-20	80.93	24.64	44.28
2020-21	55.00	27.10	8.21
2021-22	15.00	15.00	6.48
2022-23	13.00	13.00	3.36*
2023-24	13.00	13.00	-

Revenue + Capital Heads

(Rs. In Crore)			
Year	BE Projection	BE Allocation	Actual Expenditure
2018-19	1,910.42	1,584.21	1,435.75
2019-20	1,939.96	1,631.92	1,595.87
2020-21	2,023.20	1,688.60	1,512.06
2021-22	2,400.81	1,650.76	1,685.63
2022-23	2,437.75	1,969.43	1,454.48*
2023-24	2,776.12	2,776.12	-

*Expenditure figures in respect of FY 2022-23 is upto December, 2022.

(Ref. Replies Part III, point 1, page 75)

3.3 During oral evidence, the Committee enquired whether the NCC can fully utilize this budget in the current year. In the reply, DG, NCC submitted as under:

“जहां तक बजट का कंसर्न है, इस बार इसमें हमारी मेजर बढ़ोतरी हुई है। यह नहीं है कि हम जितना खर्च कर पाएंगे, बल्कि जितनी हमारी जरूरत थी, हमने उस प्रकार से मांगा है। The figures have increased considerably”.

(Ref. proceeding dated 22.2.23, page 57)

Lack of infrastructure

3.4 During deliberations on DFG 2023-24, the Committee raised the issue of quality control regarding training aspect and infrastructure of the training camps. In this regard, the DG, NCC submitted as under:

“सर, ट्रेनिंग इंफ्रास्ट्रक्चर बनाने की जो जिम्मेवारी है, वह रिस्पेक्टिव स्टेट की है। उसका जो ट्रेनिंग इंफ्रास्ट्रक्चर है, जैसे आपने फायरिंग के बारे में बताया। उसमें हथियार व एमुनिशन हमारी होती है और रेंज स्टेट का होता है। So, that is the reason”

..... ट्रेनिंग कराना मेरी जिम्मेवारी है। उसमें कोई औपचारिकता नहीं होगी। एनसीसी की ट्रेनिंग अक्वल दर्जे की होगी। इसे मैं गारंटी के साथ कर सकता हूं। उसमें हमें बिल्कुल ढीलापन नहीं होने देंगे। वह हमारा मेन मकसद है। कैडेट्स के अंदर भी पूरा जोश है। उसमें हम और कैसे सुधार कर सकें, आपने हमें जो प्वाइंट दिया है, उस पर हम विचार करेंगे।”

(Ref. Proceeding dated 22.2.23, page 51 and 55)

Waitlisted institutions and Trainers for the training of NCC Cadets

3.5 On the issue of waitlisted institutions and expansion of NCC, Ministry in their written reply stated as under:

“Number of institutions waiting for allotment of NCC in the country for the last three years are given below:-

Year	Govt	Pvt	Total
2021	5427	3820	9247
2022	5181	4000	9181
2023	5522	4273	9795

To provide NCC to more institutions, NCC has introduced 1 lakh cadet expansion plan in Border Coastal Areas. Also, under Fully Self Financing Scheme (FSFS), 1 lakh each cadet allotment has been made to institutions for Senior Division / Senior wing (SD/SW) and Junior Division / Junior Wing (JD/JW) NCC (Total two lakh cadets). Under Border Coastal Scheme, 1283 institutions

have been identified for allotment of NCC and 86,100 cadets have been enrolled. Under FSFS SD/SW scheme 65,337 cadets and under FSFS JD/JW scheme 37,242 cadets have been enrolled”.

(Ref. Replies Part III, point 4, page 78)

3.6 During the examination of Demand for Grants 2023-24, the NCC, through a Power Point Presentation before the Committee submitted the following information regarding the training of the NCC cadets:

“.....एनसीसी की ऑर्गनाइज़ेशन हेडक्वार्टर डीजी, एनसीसी और उसके बाद राज्यों के अंदर हमारे डायरेक्टोरेट्स हैं। ग्रुप हेडक्वार्टर्स हैं और यूनिट्स हैं। हमारी 825 यूनिट्स हैं। पैन इंडिया एनसीसी का प्रेज़ेंस है। हरेक यूनिट तकरीबन 3500 कैडेट्स को ट्रेन करती है। हमारी एनसीसी की प्रेज़ेंस मिलिट्री स्टेशंस और नॉन मिलिट्री स्टेशंस के अंदर भी है। 20390 संस्थानों के अंदर अभी हम एनसीसी की ट्रेनिंग करते हैं। इसके सिवाय हमारे दो एनसीसी के ट्रेनिंग एकेडमीज़ – एक काम्पटी में और दूसरी ग्वालियर में है, जहां पर हम अपने इंस्ट्रक्टरों की ट्रेनिंग करते हैं।

सर, हमारी जो ट्रेनिंग की जाती है, उसका सारांश इस स्लाइड में है। इंस्टिट्यूशनल ट्रेनिंग जो की स्कूल्स और कॉलेजिस में दी जाती है। हर कैडेट को 100 पर्सेंट वह ट्रेनिंग अटेंड करनी पड़ती है। कैंप ट्रेनिंग 60 पर्सेंट कैडेट्स अटेंड करते हैं। ए सर्टिफिकेट के लिए उसको एक कैंप अटेंड करना है और सी सर्टिफिकेट के लिए तीन साल के लिए उसको दो कैंप अटेंड करने हैं। ये ट्रेनिंग कैंप्स के अंदर दी जाती हैं। तकरीबन 60 पर्सेंट स्ट्रेंथ को हर साल हम उसको ट्रेनिंग देते हैं। उसके साथ में अटैचमेंट ट्रेनिंग है। फौज के अंगों के साथ या कहीं अस्पतालों के साथ जहां एडवांस ट्रेनिंग के लिए हम उनको ले जाते हैं। ट्रेन द ट्रेनर, जैसे कि एनसीसी के जो ट्रेनर्स हैं, उनकी ट्रेनिंग और एडवेंचर और स्पोर्ट्स ट्रेनिंग भी दी जाती है। यूथ एक्सचेंज प्रोग्राम के अंदर एनसीसी इक्वलेंट के कैडेट्स बाहर के देशों से हमारे पास आते हैं और हमारे कैडेट्स भी बाहर जाते हैं और कम्युनिटी और सोशल सर्विस एनसीसीस का एक मेन कार्यक्रम है। मैं आगे चल कर इसके बारे में विस्तार से बताऊंगा।

(Ref.: Proceeding dated 22.2.23, page 44 and 45)

3.7 During evidence, the Committee desired to know whether the expenses on training should be merged with pay and allowances, as the NCC is paying some trainers for training purposes and the budget allocation of training is very low. In this regard, the DG, NCC submitted as under:

“अगर आप सैलरी को देखें और अगर आप यह सोचें कि यह सैलरी, ट्रेनिंग से डिटेच है तो वह ठीक पिक्चर नहीं होगी। जो ट्रेनर्स की सैलरी है, वही ट्रेनर्स तो उसी सैलरी से ट्रेन कर रहा है।

एनसीसी के हमारे जितने भी ट्रेनर्स हैं या इंस्ट्रक्टरस स्टाफस हैं, उनकी सैलरी है। उसी से वे ट्रेनिंग दे रहे हैं।

जो ट्रेनिंग वाला बजट है, it is only for camps या फिर ट्रेनिंग से संबंधित कैडेट्स की एक्टिविटीज़ के लिए है। इसलिए सबसे पहली बात तो यह है कि यह सैलरी बजट भी वास्तव में ट्रेनिंग का काम कर रहा है।

To a specific query of the Committee regarding the training/utilizing the NCC cadets for combating cybercrime, enhancing capabilities in computer applications, artificial intelligence and space expertise etc, the DG, NCC deposed as under:

“... हमने इसके अन्दर जो आई.टी. का प्रावधान किया है, this is only related to IT requirement for our functioning. यह आई.टी. ट्रेनिंग देने के लिए नहीं है, क्योंकि अगर आप हमारे एनसीसी के मकसद और लक्ष्य को देखें तो हम उसी हिसाब से ट्रेनिंग देते हैं। हमारा जो ट्रेनिंग सिलेबस है, हम उसके अनुसार ट्रेनिंग देते हैं। आपने जो हाई-नीश ट्रेनिंग के बारे में कहा है, वह आम तौर पर इंस्टीट्यूशन्स, स्कूलस, कॉलेजेज दे रहे हैं।”

(Ref.: Proceeding dated 22.2.23, page 50)

3.8 During deliberations, the Committee desired to know about the futuristic requirement of the training of NCC cadets, the DG, NCC said:

“सर, इन्होंने जो 13 करोड़ रुपये मांगा है, उसमें माइक्रोलाइट एयरक्राफ्ट्स इन्क्लूडेड हैं। These are meant for training purposes. I think that is one of the things about which you want to know. इसके अलावा, ट्रेनिंग के सिम्युलेटर्स भी इसमें इन्क्लूडेड होते हैं।”

(Ref.: Proceeding dated 22.2.23, page 50)

3.9 To a specific query of the Committee regarding taking the help of ex-NCC cadets to train the NCC cadets to improve the efficiency of the instructors for the training of NCC cadets, DG, NCC submitted as under:

“Madam, we are already taking the help of ex-NCC cadets to train the cadets. There are various options, which are being explored to train the NCC cadets”.

(Ref.: Proceeding, dated 22.02.23, page 52)

Low Selection rate of NCC Cadets in Armed Forces

3.10 On the direct entry of NCC 'C' certificate holders through SSB, during the last five years, the Ministry in its written replies submitted the following information:

“As against the vacancies reserved, the details of selection during the last five years, out of the NCC 'C' Certificate holders who applied through the SSB Direct Entry route, is as under:-

Ser. No	Year	Vacancies	Selected	% Utilisation of Vacancies
1	2018	177	77	44.00%
2	2019	178	87	49.00%
3	2020	178	78	44.00%
4	2021	178	108	61.00%
5	2022	178	123	69.00%
TOTAL		889	473	53.00%

The percentage of NCC Candidates clearing SSB in relation to applications received is commensurate to Combined Defence Services Examination (CDSE) candidates”.

(Ref. Proceeding, dated 17.02.22, page 62)

Job Avenue available for NCC cadets

3.11 When asked regarding the avenues available for NCC cadets to join the Armed Forces Ministry in a written submission, replied as under:

BENEFITS TO NCC 'C' CERTIFICATE HOLDERS IN ARMED FORCES & OTHERS

Arm	Academy	Vacancies	Remarks
Officer Entry			
Army NCC Special Entry (Men) (Short Service commission)	OTA Chennai Officers Training Academy	45 per batch	Two batches are inducted every year. NCC 'C' Certificate holders are exempted from UPSC Written Exam. They appear directly for SSB. 45 seats per batch is reserved for NCC 'C' Certificate holders.
Army NCC Special Entry (Women) (Short Service Commission)	OTA Chennai Officers Training Academy	04 per batch	Two batches are inducted every year. NCC 'C' Certificate holders are exempted from UPSC Written Exam. They appear directly for SSB. 04 seats per batch are reserved for NCC 'C' Certificate holders.

Army Regular Entry NCC 'C' Certificate holders	IMA Dehradun	13 per batch	Two batches are inducted every year. 13 Vacancies reserved in each batch for NCC 'C' Certificate holders. Selection through UPSC written & SSB
Navy (Permanent Commission)	Naval Academy, Ezhimala	06 per batch	Two batches are inducted every year. NCC 'C' Certificate holders are exempted from UPSC Written Exam. They appear directly for SSB. 06 seats per batch are reserved for them.
Air Force (NCC Special entry for Men & Women)	Air Force Academy, Hyderabad	10% of CDSE and AFCAT vacancies	Two batches are inducted every year. 10 % vacancy in each batch (approx. 25) earmarked for NCC C Certificate holders. They are exempted from Air Force Common Admission Test (AFCAT) exam. Only SSB is to be passed
Air Force (Permanent Commission)	Air Force Academy, Hyderabad	03 per batch	Two batches are inducted every year. 03 vacancies reserved in each batch for NCC 'C' Certificate holders. Selection through UPSC written & SSB
Military Nursing Service (MNS)	Military Nursing Service	25	(a) For Female Candidates (b) From the year 2021, 25 seats out of total 220 were reserved for NCC 'C' Certificate holders
Other Ranks			
Soldier (General Duty) Category	NCC C Cert		Exempted CEE
	NCC C Cert & participated in RD Parade		Exempted CEE
	NCC B Certificate		Bonus Mks -10
	NCC A Certificate		Bonus Mks -05
Soldier Clk/Skt/Tech/NA/NA (VET)	NCC C Cert		Bonus Mks - 15
	NCC C Cert & participated in RD Parade		Exempted CEE
	NCC B Cert		Bonus Mks -10
	NCC A Cert		Bonus Mks -05
Tradesman Category	NCC C Cert		Exempted CEE

	NCC C Cert & participated in RD Parade		Exempted CEE
	NCC B Certificate		Bonus Mks -10
	NCC A Certificate		Bonus Mks -05
Sailor/ Airmen	NCC A, B & C Cert		Bonus Mks – 2 to 6 as addl credit pts
CAPF & Assam Rifles Sub Inspector & Constable – MoH letter dt 20 Apr 2020	NCC C Cert		Bonus Mks – 5% of max mks of exam
	NCC B Cert		Bonus Mks – 3% of max mks of exam
	NCC A Cert		Bonus Mks – 2% of max mks of exam
Others			
UG & PG programmes in Indian Maritime Uni (IMU)- Min of Ports, Shipping & Waterways letter dt 15 Jun 2021	NCC C Cert		Bonus Mks – 5% of max mks of exam
	NCC B Cert		Bonus Mks – 3% of max mks of exam
	NCC A Cert		Bonus Mks – 2% of max mks of exam

Further clarifying on this issue, DG, NCC during oral submitted as under:

“सर, पैरा मिलिट्री फोर्स में भर्ती के लिए एनसीसी की वेटेज है। कितनी-कितनी वेटेज है, किसी-किसी स्टेट के अंदर भी है। हम पूरी डिटेल्स आपको दे देंगे।”

(Ref.: Proceeding, dated 17.02.22, page 55)

Part - II

Recommendations / Observations

Directorate of Ordnance (Coordination and Services) – New DPSUs

Budget

The Committee note that consequent to the corporatization of OFB, the Directorate of Ordnance (Coordination & Services) has been constituted under Department of Defence Production, Ministry of Defence w.e.f.1.10.2021. The Committee note from the budget grants for previous years and find that in 2022-23, i.e. post- corporatization OFB, an amount of Rs. 4212.00 crore was allocated in RE to the Directorate of Ordnance. Out of which an expenditure of Rs. 2845.71 crore has been incurred upto December, 2022. This means an amount of Rs. 1366.29 crore remained unutilized in financial year 2022-23. Meanwhile, a projection of Rs.1310 crore has been made by the Directorate of Ordnance (Coordination and Services) for the year 2023-24. During oral evidence, a representative of the Ministry also apprised that Rs 2,500 crore have been kept as Emergency Authorization Fund in RE 2020-21 and RE 2021-22. The Committee desire that the amount being allocated should be prudently distributed on accrued liabilities and the modernization plan of newly created DPSUs. In this regard, the Committee wish to be informed about Modified Allocation (MA) at the time of submitting Action Taken Replies.

Budget for modernisation

2. During the oral evidence, the representatives of the new DPSUs apprised the Committee about various measures being taken i.e. renewal, reconditioning and acquisition of high value/heavy duty Plant and Machinery (P&M), creating/developing infrastructure etc to keep pace with contemporary manufacturing technologies and to modernize manufacturing Units under them. While going through the budget given for modernisation new DPSUs, the Committee find that during the financial year 2021-22, Rs. 1643 crore were given to these DPSUs. In the next financial year 2022-23, Rs. 1310 crore was given for modernisation to DPSUs. The same amount is given in the current financial year 2023-24 also. The Committee can concur from the data that modernisation budget is on the decline if inflation is also taken into consideration. It is a well known fact that before becoming independent PSUs, these Ordnance Factories were largely dependent on the Government orders/supplies only. Therefore, in the nascent years, it is the duty of the Ministry of Defence to support these units till they become self reliant. The Committee desire that their sentiments should also be conveyed to the Empowered Group of Ministers (EGOM) so the group can enhance the financial assistance given to DPSUs for undertaking modernization plans.

3. During the visit of the Standing Committee on Defence to Production Units of the newly formed seven DPSUs, the Committee also felt that there is need for delegation of Financial Powers to the Boards of these new seven DPSUs for

utilization of these funds so that modernization efforts are taken forward in meaningful ways.

Order Book Position

4. From the information furnished by the Ministry of Defence on the Order Book position for the newly created DPSUs for the next five years it is found that there is a steep decline in the order book position in, AWEIL, TCL and IOL. There is 'NIL' order book position registered for TCL from 2026-2028. The same position exists for MIL during this period. GIL also has 'Nil' orders for 2027-28. YIL is primarily meant for supplying intermittent products/ raw materials/ Components to other New DPSUs. The contracts with other New DPSUs are being concluded on a year-to-year basis, as per requirement. However, Order Book Position for the next 05 years with services, in this case, is not available.

5. In the case of YIL, which registered no orders from 2024-25, during oral evidence of the Committee, CMD, YIL further informed that since this PSU does not supply to the Services, therefore, no deemed contract was given to it. As the PSU starts from scratch, in this case raw material, it made a loss of Rs 523 crore in the last year. However, the bright side is that this loss is in the shrinking mode.

6. The Committee understand that new DPSUs are designed and dedicated for the special purpose of fulfilling the requirements of Indian Defence Forces especially the Army and also that these DPSUs plays a vital role during wartime

scenario. Therefore, the Committee recommend that the Department of Defence Production should start promoting these PSUs outside the country through Defence Attaché or Ambassadors/High Commissioners so that adequate export orders besides domestic demand are assured from time to time so that the manufacturing skills of new DPSUs are retained and their capacity is fully utilized.

7. The Committee note that as a part of Grandfathering of Indents placed on the erstwhile OFB prior to corporatization, Deemed Contracts have been placed by Services on new DPSUs with yearly increase of @ 6% per annum in the Issue Prices. However, no provision for Profit element has been made in the Deemed Contracts signed with these new DPSUs. Therefore, the Committee desire that for long term sustainable growth and ensuring commercial viability of these new entities, it shall be desirable to include a reasonable profit element which is the express opinion of the Committee must be around 7% in the Deemed Contracts since the same is already being made available to earlier existing nine DPSUs.

Research and Development Expenditure

8. The Committee note that the manufacturing units under new DPSUs take up in-house Research and Development(R&D) projects for design, development & product upgrade of armament, ammunition and equipment. Ordnance Development Centres (ODCs) in the DPSUs are working in specific technological areas to carry out R&D. These units also take up collaborative R&D projects in association with academic institutions, Govt. owned laboratories and other indigenous private

manufacturers. The major products being developed are: drone-assisted delivery Ammunition terminal guided munitions, guided bomb, 70mm Rocket, Indigenization of Nuclear Radiation cum Chemical Warfare Agent Detector for Tank T-90, development of Automatic Gear Shifter for T-90 Bhishma Tank., development/production of Electronic Point Detonation (PD Mode) Fuze for Artillery Ammunition, Parachute Tactical Assault Gajtaj-2 system (PTA G-2), Area Denial Munitions (DPICM Pinaka), Military Combat Parachute System (MCPS) etc. From the data supplied by the Ministry, the Committee are happy to note that the R&D expenditure of all the new DPSUs has increased from 2021-22 to the year 2022-23. The Committee recommend that this trend should be continued in future also and efforts should be made toward ensuring patent rights for the designs and prototype developed internally by DPSUs. This will be beneficial in enhancing the value of new DPSUs and also boost revenue generation for the country.

Indigenisation

9. The Committee are happy to note that indigenization percentage of new DPSUs ranges from 100 per cent in the case of Troop Comforts Limited and Yantra India Ltd to 94 per cent in case of Advanced Weapons & Equipment India Limited. Munitions India Ltd also has 95 per cent indigenized content. IOL has also developed import substituted products and is in the process of 100 per cent indigenization. During oral evidence also, the Committee were informed about the initiatives taken by the DPSUs to achieve indigenization.

10. The Committee hope that intensive efforts of DPSUs leading to 100 per cent indigenisation in near future will make the country proud. In this respect, the Committee desire that the Ministry should provide necessary assistance to them to achieve their desired goal.

Export

11. The Committee after gleaning through the given data note that exports by new DPSUs are shrinking year by year. During the year 2019-20, the value of export was Rs. 140.94 crore, it declined to Rs. 94.61 crore during the year 2020-21 and in the year 2021-22, the export stood at only Rs. 81.08 crore. During deliberations on Demands on Grants 2023-24, representatives of these DPSUs also apprised the Committee about the various initiatives taken by the DPSUs. The Committee understand that primarily the DPSUs are to supply arms and ammunition to the Indian Armed Forces but exports give the country not only the name but precious foreign exchange too. Therefore, the Committee recommend that more emphasizes should be given to increase the exports.

12. As stated earlier in the report, the Committee desire that the Ministry of External Affairs should be requested to pitch in and provide a platform in international exhibitions to display the products for civil and military use manufactured by these DPSUs.

DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION

Budget

13. The Committee take note of the budgetary provision made to the Department of Defence, R&D during the last five years. The data reveals that there has always been a decrease in the Budget estimate proposed and Budget estimate approved or allocated. In the year 2019-20, the projected amount was Rs. 22,953.95 crore while the allocated amount was Rs. 19021.02 crore which was Rs 3932.93 crore less than the projection. In the year 2020-21, the projected amount was Rs. 23,457.40 crore while the allocated was Rs. 19,327.35 crore which was Rs 4130.05 crore less than the projection. In the year 2021-22, the projected amount was Rs. 23,460 and allocated amount was Rs. 20,457.44 crore which was Rs 3002.56 less than the projection. Likewise, in the year 2022-23, the projected amount was Rs. 22,990 crore and the allocated amount stood at Rs. 21,330.20 crore which was Rs 1659.80 crore less than the projection. During the financial year 2023-24, the projected amount was Rs. 23,790 crore and the allocated amount is Rs. 23,263.89 crore. The Committee note that for the first time, the difference is marginal and stands at Rs. 526.11 crore. The Committee understand that proposals are made after carrying out a very well thought exercise envisaging R&D activities in a year, therefore, the Committee recommend that the Ministry should undertake all out efforts in future and ensure that no cut is made in the budget while allocating the amount.

14. Further, in respect of the Budgetary grants, the Committee find a drop in DRDO expenditure as a percentage of total GDP over the past few years. From the data provided by the Ministry of Defence, the Committee find that the percentage share of the Defence R&D budget to total GDP has come down to 0.078% in 2021-22 from 0.088 per cent in 2017-18. The mandate for DRDO is to develop cutting-edge technologies and eventually through the transfer of such technologies to equip our Services with internationally competitive systems and platforms. Although the DRDO has proven its competence to produce state-of-the-art strategic and tactical military hardware and related technologies in diverse disciplines such as Aeronautics, Armaments, Combat Vehicles, Combat Engineering, Electronics, Missiles, Life Sciences, Materials and Naval Systems but when the allocations are consistently going down, it would be difficult for DRDO to attain developmental goals, and to attain an edge over adversaries. The Committee opine that budget grants of DRDO should be suitably enhanced for the growth of Defence technologies. Therefore, the Committee wish that DRDO projects should be given due consideration and adequate budgetary support.

15. The Committee were further informed that in the current year, DRDO projected Rs. 23,263.89 crore at the Budget Estimate stage, which is 5.1% of the Defence Budget. As per the Ministry, the exclusive Research and Development budget is Rs. 5,000 crore only, out of this 25% i.e. around Rs. 1300 crore is earmarked for the private sector. Hence it can be very well understood that the amount actually left for DRDO projects is under constraints. The Committee observe that R&D is a pre-requisite for robust modern Defence mechanism and the

Government has to take care of funds for in-house projects of DRDO along with outsourcing defence R&D. The Committee, therefore recommend that during 2023-24 adequate funds should be channelized to DRDO at subsequent stage i.e. RE for its ongoing and future projects.

DRDO collaboration with private industries

16. The Committee note that DRDO has made rapid progress with the infusion of private sector involvement in the research-related activities of DRDO. The Committee appreciate the large number of steps taken in this direction like the opening of world-class test facilities, MOUs with leading industry chambers, help rendered to the private Industry by transfer of technology, providing patent to the private Industry free of cost and Technology Development Fund (TDF) raised to 50 crore from 10 crore. The Committee are of the considered view that active private sector participation is the way forward and can act as a major impetus for the improvement of research-related activities.

17. In this connection, the Committee recommend that efforts must be intensified to ensure better collaboration between the public and private sector for improved results and given the sensitive nature of this work, due monitoring mechanism needs to be developed and put in place to ensure that no leakage of data takes place regarding products being developed.

18. The Committee came to learn about various policies formulated by the Government to involve the private sector in Defence R&D. The Committee appreciate that private sector involvement in Defence production would enhance the technological development of Defence production line. However, at the same time, Committee recommend that appropriate measures need to be taken to ensure that our cutting-edge technologies are not slipped into the hands of our adversaries by methodologies such as reverse engineering etc. The Committee wish that the Ministry of Defence furnish a detailed note on procedures laid down to ensure our technologies related to Defence are fully secured.

Delay of projects

19. The Committee find that out of 178 mission mode projects, 119 which is two thirds have been delayed and original time schedules are not adhered to. The Committee also note that there have been time and cost overruns in the completion of projects and there are cases of closure of projects declaring them successful despite the non-achievement of one or more key objectives. The Committee observe that delay in the completion of projects has become frequent. However, despite the prescribed mechanism in place, inordinate delays are occurring which not only place a burden of unnecessary cost implications but also deprive the Services of critical capabilities. The Committee feel that the money of taxpayers has to be judiciously and verily utilized by all departments. It is, therefore, recommended that all out efforts shall be made to complete projects within the stipulated time frame.

No stone shall be left unturned in ensuring that all the milestones, short-term and long-term are achieved for all projects.

20. Till the finalization of the Report, the requisite information as promised to be furnished by the DRDO has not yet been received. The Committee, therefore, recommend that the detailed information regarding the number of projects, time and cost overruns/reasons on each project including, inter alia all other relevant details may be furnished within three months.

Self-reliance and indigenisation

21. The Committee observe that the country has taken a quantum jump in the procurement of defence items from indigenous sources. Notwithstanding this fact the Committee are aware that even today the country is heavily dependent on imports to meet its critical defence requirements. Given the fact that technologically advanced countries are reluctant to part with their advanced technologies with developing countries like India, it becomes all the more essential for our laboratories to develop each system, sub-systems, components etc. either independently or in collaboration with private industry/OEMs. While acknowledging the fact that undertaking original research is a lengthy and time-consuming process, DRDO may also think of developing products through other available means and short term processes. The Committee, here recommend that the Ministry of Finance should be persuaded to provide adequate budgetary support

for all kind of modules related to research purposes so that the indigenization of R&D activities can be undertaken by DRDO on a war footing.

Protection against Nuclear, Biological and Chemical(NBC) attacks

22. The Committee are aware of the ever-increasing threat of nuclear, biological and chemical attacks in the current scenario of the world. The Committee are apprised of the competence developed by DRDO Laboratories to provide protection against NBC. The Committee appreciate the R&D efforts of DRDO which has enabled the development of several products for NBC detection, protection, decontamination and medical management. The Committee would like to see more proactive efforts towards high scientific developments in the field of NBC warfare capabilities by DRDO as they feel that future warfare will be more and more NBC based.

23. In this connection, the Committee would like to recommend that sufficient budgetary allocations should be provisioned for the R&D efforts of DRDO in the field of NBC warfare so that the country is not caught off guard in a critical situation.

NATIONAL CADET CORPS

Budget

24. The Committee after gleaning through the information and data provided by the Ministry pertaining to the last five years find that during the year 2018-19, the total allocation including Revenue and Capital was Rs. 1584.21 crore while

expenditure was Rs. 1435.75 crore. Similarly, during the year 2019-20 as against an allocation of Rs. 1631.92 crore, the expenditure incurred was Rs. 1595.87 crore. The Committee note with glee that during the year 2021-22, the trend is reversed and NCC has spent Rs. 1685.63 crore, which is approximately Rs. 35 crore more than the allocation of Rs. 1650.76 crore.

25. This year (2023-24) the projections made by NCC in Revenue Segment was Rs. 2763.12 crore and in Capital Rs. 13.00 crore. The Committee note that allocations are matched to a rupee this year and the Ministry has allocated Rs. 2776.12 crore. Apparently, it seems an improvement in the budget of the NCC but on closer scrutiny of the data, the Committee note that it is Revenue Budget which is rising every year and on the contrary, Capital Budget is decreasing every year or remains static. The Capital expenditure of NCC has declined from Rs. 22.40 crore in 2018-19 to Rs. 13 crore in 2023-24, therefore, the Committee recommend that the Capital Budget allocations should also be incremental as Capital Budget of NCC caters for long term assets like Microlight aircraft, simulators and other state of the art platforms etc., which are not only essential training equipments but would impart a training which matches the contemporary requirements in dynamic fields.

Lack of infrastructure

26. The Committee note that the NCC Directorate is taking the issue of training NCC cadets seriously and with the help of 825 NCC units it is training close to 15 lakh cadets all over the country. The Committee understand that training 15 lakh

cadets requires a lot of manpower and infrastructure. In their earlier reports also, the Committee had raised the issue of lack of training institutes exclusively for NCC, forcing it to use the facilities developed for Army, Navy and Air Force. During deliberations this year also, the issue of upgrading infrastructure and purchase of new equipment appeared again before the Committee. In this respect, the Committee desire that the NCC Directorate may approach local Member of Parliament to share expenditure from the MPLADs Fund for the development of infrastructure and purchasing of new equipment if its budgetary demands are not catered for by the Ministry in the coming years.

27. In regard to imparting new fields of training which would make the cadets versatile, in the opinion of the Committee, it is high time that the training module be expanded/modified to include cyber/computer expertise, laser expertise and space science. The Committee are aware that cyber crimes are increasing in large proportions every year and such trained cadets can be used for training the elderly and cyber illiterate population for the proper use of the cyber applications such as banking transactions etc. The IT skills should also include specific training on Drone applications which is the need of the hour. It would not be out of place to recommend that if required, the NCC Cadets should be attached with expert Institutions to train them on all the new forms of training as stated above. At the time of furnishing Action Taken Notes, the Committee would like to go through the specific project/proposal mooted out in this respect which may also include an exercise whereby additional funds would be required for accomplishing this recommendation from next year onwards.

Waitlisted institutions and Trainers for the training of NCC Cadets

28. The Committee in their previous reports had appreciated that in order to reduce the waiting list, the Government has introduced Fully Self Financing Scheme (FSFS) under which an Educational institution willing to bear the cost of running NCC training under the guidance of the nearest NCC unit can apply for NCC. However, on the perusal of data supplied by the Ministry, the Committee note that despite the FSFS, the gap is rising continuously. In the year 2021, there were 9247 institutions were waitlisted, which rose to 9795 in 2023. In this respect, the Committee, while recognizing the contribution of NCC in developing character, camaraderie, discipline and selfless service amongst young citizens as well as opening a gateway for them to join the Armed Forces, the Committee recommend that a concerted exercise maybe undertaken and no avenue should be left untouched in order to clear the backlog of waitlisted institutions. The Committee would like a specific proposal to meet the above objective which may be provided to them while furnishing the Action Taken Notes.

29. The Committee also understand that about one lakh vacancies have been approved for Senior Division/Senior Wing cadets by Ministry of Defence for allotment to private colleges under FSFS. During the examination of Demands for Grants 2023-24, the hiring of Ex-servicemen and Ex-NCC cadets as instructors by NCC also figured. In this regard, the Committee recommend that to overcome the shortage of trainers in NCC, the Ministry should think of institutionalising the

system of hiring trainers from Ex-Servicemen and non-profit organisation like Exchange Participants Association (EXPA) which consists of volunteers and NCC cadets. This would definitely bring down the training cost of NCC Cadets and resources so saved would be used in other developmental activities. The Committee desire that while granting the permission to do so, the quality of training is strictly maintained and proper monitoring mechanism to oversee the training process should be put in place.

Low Selection rate of NCC Cadets in Armed Forces

30. From the data furnished by the Ministry, the Committee note that the selection rate of NCC 'C' Certificate holders through the Staff Selection Board (SSB) in the Armed Forces has gone up only marginally during all these years, it is not satisfactory for the Committee to note these low figures of intake. The induction of NCC Cadets from 2018 to 2022 was only 473 as against the available vacancies of 889 which is barely 53.20 in terms of percentile. The Committee note that despite the shortage of officers in the three Forces, NCC has not given due weightage to train their cadets to become officers in the Army, Navy and Air Force.

31. Therefore, the Committee, here, recommend that the Ministry should re-visit the training strategy and introduce revised curriculum/practical training so the cadets get selected through Staff Selection Board (SSB) Direct entry route.

Job Avenue available for NCC cadets

32. The Committee note from the data supplied by the Ministry that reservation of seats in Army, Short Service Commission, Navy and Air Force, ranges from 45 per batch in Army to 03 per batch in Air Force. The Committee also note that Bonus marks have also been provided to NCC 'C' Certificate holder in CAPF and Assam Rifles as well as UG & PG programmes in Indian Maritime University.

33. In this respect, the Committee desire that for the recruitment in CAPF, bonus marks should be increased to a reasonable level so there will be more weightage to NCC cadets and on the other hand these forces will get more disciplined, trained youth in their services. This will also instill a sense of security in NCC Cadets. The Committee may also be supplied with the exact figures in regard to number of cadets who consequent to acquiring 'C Certificate' during the last three years joined other uniformed services such as Coast Guard / Para Military Forces including Assam Rifles, SSB, ITBP, CISF etc.

MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2022-23)

The Committee sat on Monday, the 20th February, 2023 from 1100 hrs to 1800 hrs in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

SHRI JUAL ORAM

-

CHAIRPERSON

MEMBERS

Lok Sabha

1.	Shri Devaragunda Venkappa Sadananda Gowda
2.	Choudhary Mehboob Ali Kaiser
3.	Shri Rattan Lal Kataria
4.	Kunwar Danish Ali
5.	Shri Reddeppa Nallakonda Gari
6.	Shri Uttam Kumar Reddy Nalamada
7.	Shri Brijendra Singh
Rajya Sabha	
8.	Dr. Ashok Bajpai
9.	Shri Prem Chand Gupta
10.	Shri Sushil Kumar Gupta
11.	Smt. P.T. Usha
12.	Shri G.K. Vasani
13.	Lt. Gen. (Dr.) D. P. Vats (Retd.)

SECRETARIAT

1.	Smt. Suman Arora	-	Joint Secretary
2.	Dr. Sanjeev Sharma	-	Director
3.	Shri Rahul Singh	-	Deputy Secretary
4.	Shri Rajesh Kumar	-	Executive Officer

LIST OF WITNESSES
MINISTRY OF DEFENCE

S. No.	Name	Designation
General Defence Budget		
1.	Shri Giridhar Aramane	Defence Secretary
2.	Lt Gen BS Raju	VCOAS
3.	Ms. Nivedita Shukla Verma	Special Secretary
4.	Ms. Rasika Chaube	FA(DS)
5.	Ms. Dipti Mohil Chawla	Additional Secretary/DoD
6.	Lt Gen Rajinder Dewan	QMG
7.	Lt Gen Samir Gupta	DG FP
8.	Lt Gen MV Suchindra Kumar	DCOAS (Strat)
9.	Lt Gen Manjinder Singh	DCIDS (PP &FD)
10.	Lt Gen JB Chaudhari	DCOAS (CD&S)
11.	Lt Gen C Bansi Ponnappa	Adjutant General
12.	Lt Gen Arvind Walia	E-in-C
13.	Lt Gen CP Cariappa	MGS
14.	Lt Gen V Sreehari	DG (MP & PS)
15.	Lt Gen. Vineet Gaur	DG CD
16.	Air Mshl BR Krishna	CISC
17.	AVM M Mehra	ACAS Fin(P)
18.	AVM H Bains	JS (Air) & JS(Navy)
19.	Sh. D.K Rai	JS(Plg./Parl) & Estt.
20.	Maj Gen k Narayanan	JS (Army & TA)
21.	Sh. Rajesh Sharma	Addl. FA (RS) & JS
22.	R Adm Dalbir S Gujral	ACIDS (FP & ADM)
23.	Rear Admiral CR Praveen Nair	ACNS (P&P)
24.	Maj Gen Bikramdeep Singh	ADG FP
25.	Brig Ajay Katoch	Brig SP(Plans)
Defence Public Sector Undertaking		
1.	Shri Giridhar Aramane	Defence Secretary
2.	Ms. Rasika Chaube	FA(DS)
3.	Shri T Natarajan	Additional Secretary (DP)
4.	Ms. Dipti Mohil Chawla	Additional Secretary/DoD
5.	Shri Shalabh Tyagi	JS(P&C)
6.	Shri Rajeev Prakash	JS (NS)
7.	Shri Jayant Kumar	JS(Aero)

8.	Shri Anurag Bajpai	JS (DIP)
9.	Shri Surendra Prasad Yadav	JS(LS)
10.	Cmde Siddharth Mishra (Retd)	CMD, BDL
11.	Shri C B Anantha Krishnan	CMD, HAL
12.	Shri Bhanu Prakash Srivastava	CMD, BEL
13.	Cmde Hemant Khatri	CMD, HSL
14.	Shri Amit Banerjee	CMD, BEML
15.	Shri Brajesh Kumar Upadhyay	CMD, GSL
16.	CMDE PR Hari	CMD, GRSE
17.	Dr. S K Jha	CMD, MIDHANI
18.	Shri Sanjeev Singhal	CMD, MDL
19.	Sh. P.Radhakrishna	Director (Production)
20.	Cmdt Rajeev Panhotra	AGM (GSL)
Directorate General of Defence Estate		
1.	Ms. Rasika Chaube	FA(DS)
2.	Lt Gen Adosh Kumar	DG LW&E
3.	Ms. Nivedita Shukla Verma	Special Secretary
4.	Ms. Dipti Mohil Chawla	Additional Secretary/DoD
5.	Sh. Rajesh Sharma	Addl. FA (RS) & JS
6.	Shri Rakesh Mittal	JS (L & W / SS)
7.	Sh. Ajay Kumar Sharma	DGDE
8.	Ms. Sonam Yangdol	Addl DG
9.	Maj Gen Rajdeep Singh Rawal	ADG LW&E
10.	Ms. Sharmistha Maitra	Director (Lands)
11.	Sh. Valeti Premchand	Addl DG
12.	Ms Nigar Fatima	Addl DG
13.	Ms. Vibha Sharma	Addl DG
14.	Sh. Amit Kumar	DDG
15.	Sh. Abhishek Azad	Asst DG
16.	Sh. Vijay Malhotra	Director(Q&C/Works)
Border Roads Organisation		
1.	Ms. Rasika Chaube	FA(DS)
2.	Lt Gen Rajeev Chaudhary	DGBR
3.	Lt Gen Arvind Walia	E-in-C
4.	Dr Ajay Kumar	JS(BR)
5.	Sh. Rajesh Sharma	Addl. FA (RS) & JS
6.	Ms. Nivedita Shukla Verma	Special Secretary
7.	Sh. Pankaj Agarwal	DG(Acq)
8.	Ms. Dipti Mohil Chawla	Additional Secretary/DoD

Coast Guard Organisation		
1.	Ms. Rasika Chaube	FA(DS)
2.	Ms. Dipti Mohil Chawla	Additional Secretary/DoD
3.	Sh. Rajesh Sharma	Addl. FA (RS) & JS
4.	Sh. Manish Tripathi	JS(AF/Policy)
5.	ADG Rakesh Pal	ADG CG & Addl Charge DG ICG
Navy & Joint Staff		
1.	Ms. Rasika Chaube	FA(DS)
2.	Lt Gen BS Raju	VCOAS
3.	Vice Admiral SN Ghormade	VCNS
4.	Vice Admiral Dinesh K Tripathi	COP
5.	Lt Gen Manjinder Singh	DCIDS
6.	Air Mshl BR Krishna	CISC
7.	Ms. Dipti Mohil Chawla	Additional Secretary/DoD
8.	AVM H Bains	JS (Navy)
9.	R Adm Dalbir S Gujral	ACIDS
10.	R Adm Kapil Mohan Dhir	Senior Advisor/DMA
11.	R Adm CR Praveen Nair	ACNS (P&P)
12.	Sh. Rajesh Sharma	Addl. FA (RS) & JS

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them of the agenda for the Sitting i.e. oral evidence of the representatives of Ministry of Defence in connection with examination of Demands for Grants for the year 2023-24.

3. Thereafter, the Chairperson welcomed the Defence Secretary, representatives of the Armed Forces and the Ministry of Defence to the Sitting of the Committee convened to deliberate on various aspects relating to Demands for Grants of the Ministry of Defence for the year 2023-24.

4. The Chairperson informed all the agenda for the Sitting i.e. oral evidence of the representatives of Ministry of Defence in connection with examination of Demands for Grants for the year 2023-24 on the subjects 'General Defence Budget, Capital Outlay on Defence Services, Department of Military Affairs (DMA), Ministry of Defence (Civil), Defence Public Sector Undertakings (DPSUs), Directorate General Defence Estate (DGDE), Border Roads Organization (BRO), Coast Guard Organisation (CGO), Navy and

Joint Staff' and requested the representatives of the Ministry of Defence to brief the Committee on various issues included in the agenda for the day. He also drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha stipulating that the discussions in the Sitting are to be treated as confidential and are not to be made public till the Report of the Committee on the subject is presented to Parliament.

5. The Defence Secretary initiated the discussion by giving an overview of Defence Services Estimates and other Demands for Grants of the Ministry of Defence for 2023-24. The highlights of the brief given by the Defence Secretary are as under:

- i. Enhancement of Rs. 68,371 crore i.e. 13 percent in total Defence Budget compared to allocation in Budget 2022-23; and
- ii. Unprecedented 44 percent jump in non-salary revenue allocation in 2023-24.

6. Then, a Power Point Presentation on General Defence Budget was made before the Committee. This was followed by detailed deliberations on the following issues:

- i. Increase in Defence allocation to meet actual requirement keeping in view current security scenario;
- ii. Planning for upgradation and modernisation of conventional arms and ammunition taking into account emerging and evolving technologies of warfare;
- iii. Allocation for Research & Development and Defence Research and Development Organisation (DRDO) in 2023-24;
- iv. Timely procurement of equipment, arms and ammunition for the Armed Forces;
- v. Increase in Defence budget for 2023-24 taking into account Revised Estimates 2022-23, inflation and depreciation of the rupee compared to dollar;
- vi. Savings and effect on pensionary liabilities on account of implementation of Agneepath scheme;
- vii. Strategy for achieving complete indigenization and self-reliance in Defence sector;
- viii. Need for increase in recruitment of manpower for Armed Forces;
- ix. Defence Budget as percentage of Gross domestic Product (GDP);
- x. Creation of non-lapsable Defence Modernisation Fund;
- xi. Share of Defence budget in total Budget of the country;
- xii. Mismatch between projection and allocation in Defence Budget for the Financial Year 2023-24;
- xiii. Extant systems of checks and balances to prevent incidents of spying;
- xiv. Achievement of target of 68 percent of capital acquisition through domestic sources;
- xv. Association with private players in Defence sector;
- xvi. Motivation for scientists in Defence sector;
- xvii. Selection for strategic partner countries in Defence sector; and
- xviii. Comparison with neighboring countries regarding expenditure on development of infrastructure.

7. The Chairperson, on behalf of the Committee, congratulated the Ministry of Defence, HAL, DRDO and other participant organizations for successful Aero India 2023 held in Bengaluru.

8. After tea break, the representatives of the Ministry of Defence and the Defence Public Sector Undertakings (DPSUs) commenced their briefing on the subject 'Defence Public Sector Undertakings' through their Power Point Presentations.

This was followed by detailed deliberations on the following issues:

- i. Recruitment of independent Directors in Boards of DPSUs;
- ii. Filling of vacancies in Boards of DPSUs;
- iii. Availability of raw materials in the country;
- iv. Need for improvement in functioning of Mishra Dhatu Nigam Limited (MIDHANI);
- v. Assistance from private players and academia in Research and Development in Defence sector;
- vi. Coordination of DPSUs with Micro, Small and Medium Enterprises (MSMEs) in the country;
- vii. New contracts acquired by Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL) and Goa Shipyard Limited (GSL);
- viii. Request received from the State Governments regarding Defence Industrial Corridors;
- ix. Preference for the public sector over private players in Defence manufacturing;
- x. Foreign collaboration by Bharat Dynamics Limited (BDL) for manufacturing of missiles and rockets;
- xi. Production capacity of HAL, time taken for development of a product and use of indigenous engines;
- xii. Availability of health equipment and stents manufactured by MIDHANI in the market;
- xiii. Timeline for manufacturing of Light Combat Helicopter and Aircraft and 5th Generation Aircraft by HAL;
- xiv. Contribution of BEL towards Defence Industrial Corridor in UP;
- xv. Time taken by DPSUs for development and delivery of equipment for the Armed Forces;
- xvi. Difference in the 4 positive lists of indigenization;
- xvii. Need for intensification of efforts for indigenization and increase in exports by DPSUs;
- xviii. Establishment of Defence corridors and other facilities in Ambala; and
- xix. Progress of manufacturing of bulletproof jackets by MIDHANI.

9. Thereafter, a Power Point Presentation by the representatives of the Defence Estates Organisation (DEO) was made. This was followed by extensive discussion on the following points:

- i. Increase in Revised Estimates allocation to DEO for 2022-23;

- ii. Proposal from the State Government for provision of Defence Land;
- iii. Issues such as access to roads etc. faced by general public in Cantonment areas and efforts for resolution of these issues;
- iv. Elections for Cantonment Boards;
- v. Increase in limit for carrying out 'repairs' in Cantonment areas and revision in bye-laws;
- vi. New Cantonment Bill;
- vii. Policy regarding handing over of schools and Defence institutions to civil municipal bodies adjoining the cantonment areas; and
- viii. Pendency of cases pertaining to DEO.

10. Followed by DEO, a Power Point presentation on Border Roads Organization (BRO) was made. The deliberations were held on the subject on following points:

- i. Forest and National Green Tribunal (NGT) Clearances for construction by BRO;
- ii. Cost difference between construction of normal road and road constructed by BRO using new technologies;
- iii. Classification of a road as a 'border' road;
- iv. Difference between allocation under Budget and Revised Estimates for BRO for the past few years;
- v. Budgetary figures for BRO for 2023-24;
- vi. Consideration of security, geological and safety parameters by BRO while executing construction tasks keeping in view recent incident in Joshimath, Uttarakhand;
- vii. Memorandum of Understanding (MoU) with Jharkhand Government for supply of manpower;
- viii. Aid in tourism opportunities due to infrastructure created by BRO; and
- ix. Welfare activities in areas from where maximum manpower is employed by BRO.

11. Thereafter, the Chairperson invited representatives of the Coast Guard Organisation. The representatives of the Coast Guard Organisation commenced their briefing through a Power Point Presentation. This was followed by discussion on following points:

- i. Adequate capability of the Coast Guard Organisation in terms of manpower and resources;
- ii. Recovery of drugs and curb on drug smuggling achieved by Coast guard in 2021-22 and 2022-23; and
- iii. Shortage of manpower in Marine Police in some States.

12. Thereafter, the representatives of the Ministry of Defence commenced their briefing through a Power Point presentation on Navy and Joint Staff. This was followed by detailed deliberations *inter alia* on the following issues:

- i. Revised Estimates 2022-23, Budget Estimates 2023-24 and projected requirement for Navy and Joint Staff;

- ii. Cost, Commissioning of indigenous aircraft carrier and proposal for third aircraft carrier;
- iii. Sanctioned strength of National Defence Academy (NDA);
- iv. Progress on theaterisation of Armed Forces;
- v. Strength of Indian Navy in comparison with neighboring countries;
- vi. Intake of girl candidates in Sainik Schools and NDA and plan to absorb them in the Forces;
- vii. Proposal to add new battalions in the Forces;
- viii. Proposal to fill up vacant posts at Officers' level in the Services;
- ix. Formalized National Security Policy;
- x. Analysis of current threat perception; and
- xi. Possibility of the Quadrilateral Security Dialogue (QUAD) evolving into security and military alliance.

13. The Chairperson, at the end, thanked the representatives of the Ministry of Defence and the Services for extensive discussion on the Demands for Grants and for responding to the queries of the Members. The Chairperson also requested the representatives to furnish information which was not readily available to the Secretariat expeditiously.

The witness then withdrew.

The Committee then adjourned.

A copy of verbatim record of the proceedings has been kept on record.

STANDING COMMITTEE ON DEFENCE (2022-23)

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2022-23)**

The Committee sat on Wednesday, the 22 February, 2023 from 1100 hrs. to 1815 hrs. in 'Main Committee Room', Parliament House Annexe, New Delhi.

PRESENT

JUAL ORAM – CHAIRPERSON

MEMBERS

LOK SABHA

- 2 Kunwar Danish Ali
- 3 Shri D.V. Sadananda Gowda
- 4 Shri Rattan Lal Kataria
- 5 Prof. (Dr.) Ram Shankar Katheria
- 6 Dr. Rajashree Mallick
- 7 Shri Reddeppa Nallakonda Gari
- 8 Shri Uttam Kumar Reddy Nalamada
- 9 Shri Brijendra Singh

RAJYA SABHA

- 10 Dr. Ashok Bajpai
- 11 Shri Prem Chand Gupta
- 12 Shri Sushil Kumar Gupta
- 13 Shri Kamakhya Prasad Tasa
- 14 Dr. Sudhanshu Trivedi
- 15 Smt. P.T. Usha
- 16 Lt. Gen. (Dr.) D. P. Vats (Retd.)
- 17 Shri K.C. Venugopal

SECRETARIAT

1. Smt. Suman Arora - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

LIST OF WITNESSES

MINISTRY OF DEFENCE

ARMY		
1	Gen Anil Chauhan	CDS & Secretary/DMA
2	Ms. Rasika Chaube	FA(DS)
3	Sh. Rajesh Sharma	Addl. FA (RS) & JS
4	Lt Gen BS Raju	VCOAS
5	Lt Gen MV Suchindra Kumar	DCOAS (Strat)
6	Lt Gen JB Chaudhari	DCOAS (CD&S)
7	Lt Gen Samir Gupta	DG FP
8	Lt Gen Manoj Kumar Katiyar	DGMO
9	Lt Gen CP Cariappa	MGS
10	Lt Gen Vineet Gaur	DG CD
11	Lt Gen C Bansi Ponnappa	Adjutant General
12	Lt Gen AJ Fernandez	DG SD
13	Lt Gen Rajinder Dewan	QMG
14	Maj Gen k Narayanan	JS (Army & TA)
15	Maj Gen R Putarjunam	ADG AE 7 HoS (AEC)
16	Maj Gen CS Mann	ADG ADB
17	Maj Gen Abhinaya Rai	ADG SP
18	Maj Gen Bikramdeep Singh	ADG FP
NATIONAL CADET CORPS (NCC)		
1	Ms. Rasika Chaube	FA(DS)
2	Ms. Nivedita Shukla Verma	Spl. Secretary
3	Ms. Dipti Mohil Chawla	Additional Secretary/DoD
4	Lt Gen. Gurbirpal Singh	DGNCC
5	Sh. Rajesh Sharma	Addl. FA (RS) & JS
6	Ms. Nishtha Upadhyay	Joint Secretary

SAINIK SCHOOL		
1	Ms. Rasika Chaube	FA(DS)
2	Ms. Nivedita Shukla Verma	Special Secretary
3	Ms. Dipti Mohil Chawla	Additional Secretary/DoD
4	Sh. Rajesh Sharma	Addl. FA (RS) & JS
5	Shri Rakesh Mittal	JS (Lands / SS)
AIR FORCE		
1	Gen Anil Chauhan	CDS & Secretary/DMA
2	Ms. Rasika Chaube	FA(DS)
3	Air Mshl AP Singh	VCAS
4	Air Mshl N Tiwari	DCAS
5	AVM H Bains	JS(Air)
6	Sh. Rajesh Sharma	Addl. FA (RS) & JS
7	AVM M Mehra	ACAS Fin(P)
8	AVM G Thomas	ACAS (Plans)
9	AVM T Chaudhry	ACAS (Proj)
DEFENCE RESEARCH & DEVELOPMENT ORGANISATION (DRDO)		
1	Dr. Samir Venkatpati Kamat	Secretary
2	Ms. Rasika Chaube	FA(DS)
3	Shri KS Varaprasad	DS & DG (HR)
4	Shri Hari Babu Srivastava	OS&DG
5	Ms Suma Varughese	OS&DG(MED&CoS)
6	Dr. UK Singh	OS&DG(LS)
7	Shri Purusottam Bej.	OS&DG(R&M)
8	Shri AD Rane	OS&DG(BrahMos)
9	Dr (Ms) Chandrika Kaushik	OS&DG(PC&SI)
10	Sh. Rajesh Sharma	Addl. FA (RS) & JS
11	Shri Vedveer Arya	Addl FA&JS
12	Dr. Ravindra Singh	Director(DPA)
13	Dr. Sumit Goswami	Director (Planning and Cooperation)
DIRECTORATE OF ORDNANCE – NEW DPSUs		
1	Ms. Nivedita Shukla Verma	Special Secretary
2	Ms. Rasika Chaube	FA(DS)
3	Sh. Rajesh Sharma	Addl. FA (RS) & JS
4	Shri Surendra Prasad Yadav	JS (LS)

5	Shri Rajeev Prakash	JS (NS)
6	Shri Jayant Kumar	JS (Aero)
7	Shri Shalabh Tyagi	JS (P&C)
8	Shri Anurag Bajpai	JS (DIP)
9	Shri Sanjeev Kishore	DGO (C&S)
10	Shri N I Laskar	DDG (Budget)
11	Shri Umesh Singh	DDG (NDCD)
12	Shri Birendra Pratap	Director (NDCD)
13	Shri Ravi Kant	CMD (MIL)
14	Shri Rajesh Choudhary	CMD (AWEIL)
15	Shri S.K. Sinha	CMD (TCL)
16	Shri Rajeev Puri	CMD(YIL)
17	Shri Sanjiv Kumar	CMD (IOL)
18	Shri V.K Tiwari	CMD (GIL)
19	Shri Sanjay Dwivedi	Director/AVANI
20	Maj Gen Pankaj Malhotra	ADG MO (B)
21	Maj Gen Mohit Wadhwa	ADG EM

2. As the Chairperson of the Committee was not able to attend the Sitting, Lt. Gen Dr. D P Vats (Retd.) was chosen as the Acting Chairperson for the Sitting by the Members of the Committee present during the Sitting under the Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Acting Chairperson welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the Ministry of Defence. The Chairperson welcomed them to the Sitting of the Standing Committee on Defence and requested them to brief the Committee on various issues included in the agenda for the day and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

4. The Vice Chief of Army Staff commenced the briefing by giving an overview on Army to the Committee and thereafter, a Power Point presentation was made. This was followed by detailed deliberations on following issues:

- 1) Budgetary allocation to Army;
- 2) Restructuring of training as per current requirements.
- 3) Upgradation of infrastructure, technological prowess and military capabilities

- 4) Providing humanitarian assistance and speedy relief during calamities
- 5) Gender neutrality in Indian Army
- 6) Contribution in sports by Army
- 7) Emergency procurement powers to the Indian Army with effect from October 2022
- 8) Need for robust digital infrastructure
- 9) Preparation for Nuclear, Chemical and Biological War in future
- 10) Status of Vintage and other category equipment in Indian Army
- 11) Efforts being made towards indigenisation by Indian Army

5. Thereafter, the Chairperson invited representatives of the National Cadet Corps (NCC). They made a Power Point presentation before the Committee which was followed by discussion on following issues:

- 1) Shortage of Trainers in NCC and Recruitment of Ex-servicemen / Ex-NCC cadets as instructors in NCC
- 2) Need for latest equipment for training to NCC Cadets
- 3) Reservation of NCC cadets in State Government and CAPFs jobs
- 4) Cyber, Computer, Laser and space expertise training to NCC cadets.
- 5) Employment opportunities for NCC cadets in private Industries
- 6) Implementation of Self Financing Scheme(SFS) in schools and colleges.
- 7) Issues related to low selection rate of NCC cadets as officers in Armed Forces

6. The representatives of the Sainik Schools were invited next by the Chairperson. The representatives of the Sainik Schools commenced their briefing through a Power Point presentation which was followed by discussion on following issues:

- 1) Opening of 100 new schools in partnership with private sector
- 2) To appoint retired officers/ JCOs NCOs as Principals, Vice-Principals and Instructors in Sainik schools.
- 3) Shortage of Funds, inadequate infrastructure and deficiency of quality staff in Sainik Schools.
- 4) Compulsory training to teachers of new Sainik schools.
- 5) Low number of Sainik schools students joining Armed Forces.

7. Subsequent to the briefing by the Vice Chief of the Air Staff regarding overview on modernization plan of Indian Air Force (IAF), a Power Point presentation was made. This was followed by detailed deliberations on following issues:

- 1) Sharp decline in the projected budget for the year 2023-24 as compared to the financial year 2022-23.
- 2) Shortage of authorized squadrons strength
- 3) Study to analyze the major reasons for the delay of LCA
- 4) Modernisation of Fighter Aircraft
- 5) Shortage of officers in Indian Air Force

8. Then, a Power Point presentation was made by representatives of DRDO on Defence Research and Development which was followed by discussion on the following points:

- 1) Free of cost patents of DRDO to Private Industry
- 2) Transfer of technology to private industries.
- 3) Use of Test facilities of DRDO by Private Industry.
- 4) Issue related to delay of Mission mode projects of DRDO
- 5) Use of Kaveri engine for unmanned combat aircraft.
- 6) Indigenisation of products by DRDO
- 7) Shortage of Scientists in DRDO

9. Thereafter, a Power Point presentation was made by the representatives of the Directorate of Ordnance on new DPSUs, representatives of each of the new DPSU, namely Munitions India Limited(MIL), Armoured Vehicles Nigam Limited(AVNL), Advanced Weapons and Equipment India Limited(AWEIL), Troop Comforts Limited(TCL), Yantra India Limited(YIL), India Optel Limited(IOL) and Gliders India Limited(GIL) made power point presentation. Thereafter, the Committee had discussion on the following points:

- 1) Status of Order Book position of DPSUs
- 2) Thrust to earn more profits by the DPSUs
- 3) Installation of new machines for R&D activities in the DPSUs
- 4) Modernisation activities taken by all the DPSUs
- 5) Indigenisation programmes of the DPSUs

10. The Chairperson directed the representatives of the Ministry to furnish written replies/information on the points raised by the Members at the earliest.

The witnesses then withdrew

The Committee then adjourned.

11. A copy of verbatim proceedings has been kept on record.

STANDING COMMITTEE ON DEFENCE (2022-23)

**MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2022-23)**

The Committee sat on Friday, the 24 February, 2023 from 1100 hrs. to 1600 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

PRESENT

LT. GEN. DR. D. P. VATS (RETD.) - ACTING CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Rattan Lal Kataria
3. Kunwar Danish Ali
4. Shri Nallakonda Gari Reddeppa
5. Shri Brijendra Singh
6. Shri Mahabali Singh

RAJYA SABHA

7. Dr. Ashok Bajpai
8. Shri Prem Chand Gupta
9. Shri Sushil Kumar Gupta
10. Dr. Sudhanshu Trivedi
11. Smt. P. T. Usha
12. Shri G.K Vasan

SECRETARIAT

1. Smt. Suman Arora - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

LIST OF WITNESSES

S. No.	Name of Officers	Designation
Procurement Policy & Defence Planning		
1.	Shri Giridhar Aramane	Defence Secretary
2.	Gen Anil Chauhan	CDS & Secretary/DMA
3.	Vice Admiral SN Ghormade	VCNS
4.	Air Mshl BR Krishna	CISC
5.	Ms. Rasika Chaube	FA(DS)
6.	Ms. Nivedita Shukla Verma	Special Secretary
7.	Lt. Gen Anil Puri	AS/DMA
8.	Sh. Pankaj Agarwal	DG(Acq)
9.	Ms. Dipti Mohil Chawla	Additional Secretary/DoD
10.	Shri T Natarajan	Additional Secretary (DP)
11.	Air Mshl N Tiwari	DCAS
12.	Lt Gen MV Suchindra Kumar	DCOAS (Strat)
13.	Lt Gen Rashim Bali	DG SP
14.	Lt Gen Vineet Gaur	DG CD
15.	Lt Gen Manjinder Singh	DCIDS (PP &FD)
16.	ADG Rakesh Pal	ADG CG & Addl Charge DG ICG
17.	Shri Dinesh Kumar	JS & AM(MS)
18.	Shri Dharmendra Kumar Singh	JS&AM (Air)
19.	Dr. Ajay Kumar	JS & AM(LS)
20.	Shri Jayant Kumar	JS(Aero)
21.	Sh. Rajesh Sharma	Addl. FA (RS) & JS
22.	AVM Rajiva Ranjan	ACIDS (PP & FS)
23.	Maj Gen Ashok Singh	ADG PS
24.	AVM G Thomas	ACAS (Plans)
25.	RAdm P.A.A.R Sadiq	Acquisition Tech (M&S)
26.	Maj Gen Abhay Dayal	ADG Acq
27.	AVM M Mehra	ACAS Fin(P)
28.	Maj Gen k Narayanan	JS (Army & TA)
29.	RAdm CR Praveen Nair	ACNS
30.	Maj Gen Abhinaya Rai	ADG SP

31.	Maj Gen Bikramdeep Singh	ADG FP
32.	Maj Gen NKV Patil	ADG Proc (B)
33.	Sh. Ambarish Barman	Director (Budget)
34.	Sh. Subhash Kumar	OSD (Budget)
Welfare of Ex-Servicemen		
1.	Shri Vijoy Kumar Singh	Secretary ESW
2.	Ms. Rasika Chaube	FA(DS)
3.	Lt. Gen PS Shekhawat	DG (DC&W)
4.	Lt Gen C Bansi Ponnappa	Adjutant General
5.	VAdm Suraj Berry	Controller Personnel Services
6.	Air Mshl RK Anand	DG (Admn)
7.	Dr Pudi Hari Prasad	Joint Secretary (ESW)
8.	Maj Gen Sharad Kapoor	DG (Resettlement)
9.	Sh. Rajesh Sharma	Addl. FA (RS) & JS
10.	Maj Gen Ashok Singh	ADG PS
11.	AVM Ashok Saini	ACAS
12.	RAdm Manish Chadha	ACOP
13.	Commodore HP Singh	Secretary KSB
14.	Sh. Ambarish Barman	Director (Budget)
15.	Sh. Subhash Kumar	OSD (Budget)
16.	Dr. PP Sharma	OSD
Ministry of Defence (Pension)		
1.	Shri Vijoy Kumar Singh	Secretary ESW
2.	Shri Praveen Kumar, IDAS	Addl. CGDA
3.	Dr Pudi Hari Prasad	Joint Secretary (ESW)
4.	Sh. Rajesh Sharma	Addl. FA (RS) & JS
5.	Ms. Sarika Aggarwal Synrem	IDAS, Jt. CGDA
6.	Dr. Jayaraj Naik	IDAS, Jt. CGDA
7.	Sh. Ambarish Barman	Director (Budget)
8.	Sh. Subhash Kumar	OSD (Budget)
Ex-Servicemen Contributory Health Scheme		
1.	Shri Vijoy Kumar Singh	Secretary ESW
2.	Dr Pudi Hari Prasad	Joint Secretary (ESW)
3.	Sh. Rajesh Sharma	Addl. FA (RS) & JS
4.	Maj Gen N R Indurkar	MD ECHS
5.	Col PK Mishra	Director, ECHS
6.	Sh. Ambarish Barman	Director (Budget)
7.	Sh. Subhash Kumar	OSD (Budget)

2. As the Chairperson of the Committee was not able to attend the Sitting, Lt. Gen Dr. D P Vats (Retd.) was appointed as the Acting Chairperson for the Sitting, by the Members of the Committee present during the Sitting, citing Rule No. 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha on Parliamentary Committees.

3. The Acting Chairperson then welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the Ministry of Defence. The Chairperson welcomed them to the Sitting of the Standing Committee on Defence and requested them to brief the Committee on various issues included in the agenda for the day and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

4. The representatives of the Ministry of Defence then gave a Power Point Presentation on Defence Procurement Policy. This was followed by extensive discussion on following points:

- i Emphasis on Atmanirbhar Bharat- Indigenisation of the Defence equipment and self reliance in Defence;
- ii Ease of doing business;
- iii Push for Domestic Ecosystem and offsets;
- iii Decrease in the procurement of defence equipment from foreign industries and promotion of domestic industries;
- iv Revision of the Defence Acquisition Procedure;and
- v. Emphasis on Integrated Defence Capability Plan and Obsolescence Management

5. Thereafter, the representatives of the Ministry of Defence commenced their briefing through a Power Point Presentation was made by the representatives of the Department of Ex-Servicemen Welfare. This was followed by detailed deliberations on following issues:

- i. Budgetary grants for the Department of Welfare of Ex-Servicemen;
- ii. Details of Agniveer Scheme and their placement;
- iii. Placement opportunities and the process of resettlement for Ex-Servicemen;

- iv. Filling up of vacancies in Group B and Group C Non-Gazetted posts which are reserved for Ex-Servicemen;
- v. Lack of uniformity in the States/UTs regarding ex-gratia monetary benefits/compensation to the martyrs in the country; and
- vi. Role and responsibilities of Kendriya, Rajya and Zilla Sainik Boards.

6. Thereafter, a Power Point Presentation on Ministry of Defence-Pension was made by representatives of Ministry of Defence. This was followed by extensive discussion on the following issues:

- i. Various components of the Defence Pension;
- ii. Implementation of SPARSH for defence pensioners;
- iii. Issues related with One Rank One Pension (OROP);and
- v. Details regarding Equalisation of Pension.

7. Subsequently, a Power Point Presentation was made by the representatives of the Ex-Servicemen Contributory Health Scheme (ECHS) under Ministry of Defence, which was followed by discussion on following issues:

- i. Budgetary grants and the utilization of funds under Ex-Servicemen Contributory Health Scheme (ECHS);
- ii. Vacancies of specialists in Polyclinics;
- iii. Denial of services by the private empanelled hospitals to the ECHS beneficiaries;
- iv. Creation of Integrated Complexes;and
- v. ECHS/facilities boarded out and/or medically unfit cadets.

8. The Chairperson thanked the Defence Secretary, General Officers and other Officers for extensive discussion and directed the representatives of the Ministry of Defence and other organizations to furnish written replies to all the queries at the earliest.

The witnesses then withdrew.

A copy of verbatim record of the proceedings has been kept.

The Committee then adjourned.

STANDING COMMITTEE ON DEFENCE (2022-23)

**MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2022-23)**

The Committee sat on Thursday, the 16 March, 2023 from 1500 hrs. to 1530 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

PRESENT

SHRI JUAL ORAM – CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Nitesh Ganga Deb
3. Shri Rahul Gandhi
4. Shri Annasaheb Shankar Jolle
5. Choudhary Mehboob Ali Kaiser
6. Shri Rattan Lal Kataria
7. Prof.(Dr.) Ram Shankar Katheria
8. Kunwar Danish Ali
9. Shri Reddeppa Nallakonda Gari
10. Shri Uttam Kumar Reddy Nalamada
11. Shri Jugal Kishore Sharma
12. Shri Prathap Simha
13. Shri Brijendra Singh

RAJYA SABHA

13. Dr. Ashok Bajpai
14. Shri Sushil Kumar Gupta
15. Shri Venkataramana Rao Mopidevi
16. Shri Kamakhya Prasad Tasa
17. Dr. Sudhanshu Trivedi
18. Smt. P.T. Usha
19. Shri G.K.Vasan
20. Lt. Gen. Dr.D.P.Vats (Retd.)
21. Shri K.C. Venugopal

SECRETARIAT

1. Smt. Suman Arora - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the Sitting. The Committee then took up for consideration the following draft Reports:-

- (i) **'Action Taken by the Government on the Observations/Recommendations contained in the Twenty-ninth Report on Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Directorate of Ordnance (Coordination and Services)-New DPSUs, Defence Research and Development Organisation (DRDO), Directorate General of Quality Assurance (DGQA) and National Cadet Corps (NCC) (Demand No. 20)';**
- (ii) **Demands for Grants of the Ministry of Defence for the year 2023-24 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Welfare of Ex-Servicemen and Defence Pension (Demand Nos. 19 and 22)';**
- (iii) **Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Army, Navy, Air Force, Joint Staff, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)';**
- (iv) **Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Capital Outlay on Defence Services, Procurement Policy and Defence Planning (Demand No. 21)';and**
- (v) **Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Directorate of Ordnance (Coordination and Services)-New DPSUs, Defence Research and Development Organisation and National Cadet Corps (Demand Nos. 20 and 21)'.**

3. After some deliberations, the Committee adopted the above reports without any modifications.

Does note pertain to the report

4. The Committee authorized the Chairperson to finalise the above draft Reports and present the same to both the Houses of Parliament on a date convenient to him.

The Committee then adjourned.
