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**STANDING COMMITTEE ON DEFENCE  
(2023-24)**

**(SEVENTEENTH LOK SABHA)**

**MINISTRY OF DEFENCE**

**[Action Taken by the Government on the Observations/Recommendations contained in the Thirty-eighth Report of Standing Committee on Defence (17<sup>th</sup> 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)']**

**FORTY-SIXTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2023 / Agrahayana 1945 (Saka)**

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**(2023-24)**

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*Presented to Lok Sabha on 20.12.2023*

*Laid in Rajya Sabha on 20.12.2023*



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**December, 2023 / Agrahayana 1945 (Saka)**

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**COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2023-24)**

**SHRI JUAL ORAM**

–

**CHAIRPERSON**

**Lok Sabha**

2	Shri Durai Murugan Kathir Anand
3	Kunwar Danish Ali
4	Shri Nitesh Ganga Deb
5	Shri Rahul Gandhi
6	Shri Reddeppa Nallakonda Gari
7	Shri Devaragunda Venkappa Sadananda Gowda
8	Shri Annasaheb Shankar Jolle
9	Choudhary Mehboob Ali Kaiser
10	Shri Suresh Kumar Kashyap
11	Prof. (Dr.) Ram Shankar Katheria
12	Dr. Rajashree Mallick
13	Shri Jugal Kishore Sharma
14	Dr. Shrikant Eknath Shinde
15	Shri Prathap Simha
16	Dr. Amar Singh
17	Shri Brijendra Singh
18	Shri Mahabali Singh
19	Shri Durga Das Uikey
	Vacant*
	Vacant@

**Rajya Sabha**

20	Dr. Ashok Bajpai
21	Shri Prem Chand Gupta
22	Shri Sushil Kumar Gupta
23	Shri Venkataramana Rao Mopidevi
24	Shri Kamakhya Prasad Tasa
25	Dr. Sudhanshu Trivedi
26	Smt. P.T. Usha
27	Shri G.K. Vasani
28	Lt. Gen. (Dr.) D. P. Vats (Retd.)
29	Shri K.C. Venugopal

\*Shri Anumula Revanth Reddy ceased to be member of the Standing Committee on Defence w.e.f. 8<sup>th</sup> December, 2023 vide Lok Sabha Secretariat notification no 21/1(3)/2023/T(B) dated 8<sup>th</sup> December, 2023.

@ Shri Uttam Kumar Nalamada Reddy ceased to be member of the Standing Committee on Defence w.e.f. 13<sup>th</sup> December, 2023 vide Lok Sabha Secretariat notification no 21/1(5)/2023/T(B) dated 13<sup>th</sup> December, 2023.

## **SECRETARIAT**

1. Dr. Sanjeev Sharma - Joint Secretary
2. Shri Tirthankar Das - Director
3. Shri Rahul Singh - Deputy Secretary
4. Shri Rajesh Kumar - Committee Officer

## **INTRODUCTION**

I, the Chairperson of the Standing Committee on Defence (2023-24), having been authorized by the Committee, present this Forty-sixth Report (17<sup>th</sup> Lok Sabha) of the Committee on Action Taken by the Government on the Observations/Recommendations contained in the Thirty-eighth Report of Standing Committee on Defence (17<sup>th</sup> 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 Thirty-eighth Report (17<sup>th</sup> Lok Sabha) was presented to the Lok Sabha and laid in Rajya Sabha on 21<sup>st</sup> March, 2023. The Report contained 32 Observations/ Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in July, 2023.

3. The Report was adopted at the Sitting held on 18<sup>th</sup> December, 2023.

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

5. An analysis of Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-eighth Report (17<sup>th</sup> Lok Sabha) of the Standing Committee on Defence is given in Appendix II.

**New Delhi;**  
**18 December, 2023**  
**27 Agrahayana, 1945 (Saka)**

**JUAL ORAM**  
**Chairperson**  
**Standing Committee on Defence**

## REPORT

### CHAPTER I

This Report of the Standing Committee on Defence deals with Action Taken by the Government on the observations/recommendations contained in the 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)', which was presented to Lok Sabha and laid in Rajya Sabha on 21.03.2022

2. The Thirty-eighth Report (17<sup>th</sup> Lok Sabha) of the Committee contained 33 observations/ recommendations on the following aspects:-

<b>Para No.</b>	<b>Subject</b>
<b>Directorate of Ordnance (Coordination and Services) – New DPSUs</b>	
1	Budget
2-3	Budget for modernisation
4-7	Order Book Position
8	Research and Development Expenditure
9-10	Indigenisation
11-12	Export
<b>Defence Research and Development Organisation</b>	
13-15	Budget
16-18	DRDO collaboration with private industries
19-20	Delay of projects
21	Self-reliance and indigenization
22-23	Protection against Nuclear, Biological and Chemical(NBC) attacks
<b>National Cadet Corps</b>	
24-25	Budget
26-27	Lack of infrastructure
28-29	Waitlisted institutions and Trainers for the training of NCC Cadets
30-31	Low Selection rate of NCC Cadets in Armed Forces
32-33	Job Avenue available for NCC cadets

3. The complete Action Taken Replies have been received from the Government in respect of all the 33 observations/recommendations contained in the Report on 14 July 2023. Replies to Recommendation nos. 19 and 20 are of classified nature and have been categorized as accepted. Replies to rest of the recommendations have been examined and categorized as follows:

(i) **Observations/Recommendations which have been accepted by the Government (Chapter II):**

**Para Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21,22,23, 24,25,26, 27,28,29,31 and 32**

**(Total - 31)**

(ii) **Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government (Chapter III):**

**Para Nos. 30**

**(Total - 01)**

(iii) **Observations/Recommendations in respect of which reply of Government has not been accepted by the Committee (Chapter IV):**

**Para Nos. -Nil-**

**(Total - 00)**

(iv) **Observations/recommendations in respect of which final replies of the Government are still awaited (Chapter V):**

**Para Nos. -Nil-**

**(Total - Nil)**

4. The Committee desire that final Action Taken Notes in respect of comments contained in Chapter I should be furnished to them at the earliest and in any case, not later than six months of the presentation of this Report.

5. The Committee will now deal with the action taken by the Government on some of the observations/recommendations made in the Thirty-eighth Report of the Committee in the succeeding Paragraphs.

### **Directorate of Ordnance (Coordination and Services) – New DPSUs**

#### **A. Budget**

#### **Recommendation (Para No.3)**

6. The Committee had recommended as under:

“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”.

7. The Ministry in its Action Taken Reply has stated as under:

“The Boards of these DPSUs are using financial powers as available to them vide various Department of Public Enterprise (DPE) Orders. Further, in order to facilitate the timely implementation of various Capital Expenditure (CAPEX) projects under planning/processing stage at these seven new DPSUs, the Empowered Group of Ministers (EGoM) has approved the delegation of financial powers of Rs 250 crore to the Boards of these seven DPSUs for the period of three years, which is at present available with the Mini-Ratna category-II CPSEs”.

**8. The Committee note that in consonance with the recommendation of the Committee, the Ministry have informed that the Empowered Group of Ministers (EGoM) has approved the delegation of financial powers of Rs. 250 crore to the Boards of these seven DPSUs for the period of three years. The intention of the Committee, while recommending the delegation of financial power, was to strengthen the DPSUs which have just come out of the protective environment of Government control where loss and profit do not matter much. To make themselves competitive in the market, there is a need to give financial strength/autonomy to these DPSUs so they can accelerate modernization efforts in a concerted and time-bound manner. The Committee also desire that no projects related to the modernization of DPSUs get inordinately delayed owing to lack of timely approvals due to inadequate delegation of financial powers to the Boards of the seven DPSUs. The Committee also urge upon the Ministry to furnish a break up of the amount given to each DPSU, which was not furnished at the time of forwarding the Action Taken Replies.**

**B. Order Book Position**

**Recommendation (Para Nos. 4, 5 and 6)**

9. The Committee had recommended as under:

“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.

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.

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”.

10. The Ministry in its Action Taken Reply has stated as under:

“The new DPSUs are pursuing product diversification and exploring new markets to expand their demand base and increase in their order book. DPSUs are also taking measures for developing new products in-house as well as through collaborative efforts with reputed Original Equipment Manufacturers (OEMs). The DPSUs are participating in different bids being issued by the Services, MHA and other domestic customers. Also, they are exploring export opportunities in new countries through interaction with Defence Attaches posted at various Indian Embassies and Missions abroad. So far DPSUs have been successful in getting the export orders of approximately Rs. 4,200 crores”.

**11. While expressing their concern regarding the steep decline in the Order Book position for the newly created DPSUs viz. AWEIL, TCL and IOL, the Committee had observed that there was ‘NIL’ order book position registered for TCL from 2026-2028 and the same position existed for MIL during the said period. The Committee also found that GIL had ‘Nil’ orders for 2027-28.**

The Committee are dismayed to note that the Ministry have not given any comment with respect to the dismal Order Book position with regard to AWEIL, TCL, IOL and GIL and they seem to be tacit on this issue. The Committee would like to reiterate their concern at the steep decline in the Order Book position for the newly created DPSUs and desire the Ministry to treat this issue with utmost seriousness. The Committee feel that the sustenance and profitability of the newly created DPSUs are primarily dependent on a healthy order book position. The Committee, therefore, desire that ameliorative measures may be taken by all concerned to revive the order book position, which is an imperative need for the growth of these nascent organisations.

**C. Export**

#### **Recommendation (Para Nos. 11 and 12)**

12. The Committee had recommended as under:

“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.

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”.

13. The Ministry in its Action Taken Reply has stated as under:

“To focus on exports and business development, regular review meetings are being held at the highest level in the Ministry. Defence attaché posted are being contacted for assistance in boosting exports. DPSUs are participating in international exhibitions to promote their products in foreign countries.

Separate Business Development Divisions have been created by the new DPSUs for widening their customer base and better coordination of export activities and interaction with prospective organizations/customers. The new DPSUs have shown commendable progress in exports, as compared to erstwhile OFB and orders have been received from new Countries for the first time. The new DPSUs have obtained export orders of value more than INR 4,200 Crores, since inception”.

**14. The Committee appreciate the various measures being taken by the Ministry to help bolster exports and promote business development resulting in Rs. 4200 crore worth of exports since inception. However, the fact remains that the exports by new DPSUs have shown a steady decline from the year 2019-20 to 2021-22. The Committee, desire that all out efforts be made to accentuate the export orders in an effective and time-bound manner which will help improve the physical and financial growth of these new DPSUs and help meet their desired targets.**

### **NATIONAL CADET CORPS(NCC)**

**D. Budget**

#### **Recommendation (Para No 25 )**

15. The Committee had recommended as under:

“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 Micro light 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”.

16. The Ministry in its Action Taken Reply has stated as under:

“The funds are allocated to the Services, including NCC, after analyzing projections made and allocations received from M/o Finance. The funds are projected by the Services under Capital Head depending on various factors including pending Committed Liabilities, status of new project proposals, likely expenditure on ongoing works etc. In FY 2023-24, NCC had projected 13 Crore under Capital Head and the same has been allocated. If NCC seeks additional funds during the course of the year, the same will be sought at Supplementary/RE stage”.

**17. While observing declining Capital allocations from Rs. 22.40 core in the year 2018-19 to 13 crore in the year 2023-24, the Committee had recommended that Capital Budget should have incremental allocations as it caters to the long-term assets like Microlight aircraft, simulators and other state of the art platforms etc. The Committee have no doubt on the assurance given by the Ministry that it would provide additional funds, if sought during the course of year. However, the Committee would like to reiterate that Capital Head which caters to creation of long term assets need to be given due weightage by the Ministry and efforts may be made to recognize/register the use of modern equipment and technology by the projection and allocation of enhanced funds under this Head. The Committee, therefore, urge upon the Ministry to undertake extensive review of its Capital budget requirements to give a boost to modernization efforts and adoption of new technology for better training results.**

## **CHAPTER - II**

### **Observations/Recommendations which have been accepted by the Government**

#### **Directorate of Ordnance (Coordination and Services) – New DPSUs - Budget**

##### **Recommendation No.1:**

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.

##### **Reply of the Government**

The Ministry has taken steps to handhold and support these new DPSUs in starting their business as corporate entities. In this regard, financial assistance has been provided in form of Emergency Authorization Fund of Rs. 2500 crore each in FY 2021-22 & 2022-23 to these DPSUs to meet the accrued committed liabilities and operational requirement. During previous two financial years Rs. 2,953 Crore have been provided for modernisation/capital expenditure to the new DPSUs. Further, in the current FY 2023-24, Rs. 1,310 crore has also been provided towards capital expenditure.

#### **Budget for modernisation:**

##### **Recommendations Nos. 2-3:**

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.

### **Reply of the Government**

Ministry is providing financial and non-financial support to these DPSUs so that they do not face any problem during their initial stage. Following support has been provided by the Government to these DPSUs:

- a. During the initial few years of their operation, these DPSUs will not have sufficient reserves to support their modernization activities. Considering this, EGoM has approved to provide financial assistance of Rs. 8745 crore to these DPSUs for Capital Expenditure towards modernization of their production facilities and research & development activities during FY 2021-22 to 2026-27. In this connection, during 2021-22 and 2022-23, Rs. 2,953 crore has been provided in form of equity. During the current year, Rs. 1,310 crore has been provided towards capital expenditure.
- b. EGoM has also approved to provide financial assistance in form of Emergency Authorization Fund to these DPSUs to meet the accrued committed liabilities prior to the corporatization and to meet their operational requirement. Government has provided Rs. 2500 crore each in FY 2021-22 & 2022-23.
- c. To support the new DPSUs, at the time of corporatization, provision of 60% mobilization advance of the annual sales target was also made in the deemed contracts, to meet the working capital requirement of new DPSUs.
- d. To meet up the requirement of fund for CAPEX and operational need, provision of 7.5% profit element on the prices of items under deemed contracts has also been approved.

### **Recommendation No.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.

### **Reply of the Government**

The Boards of these DPSUs are using financial powers as available to them vide various Department of Public Enterprise (DPE) Orders. Further, in order to facilitate the timely implementation of various Capital Expenditure (CAPEX) projects under planning/processing stage at these seven new DPSUs, the Empowered Group of Ministers (EGoM) has approved the delegation of financial powers of Rs 250 crore to

the Boards of these seven DPSUs for the period of three years, which is at present available with the Mini-Ratna category-II CPSEs.

### **Order Book Position**

#### **Recommendations Nos. 4-7:**

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.

#### **Recommendation No.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.

#### **Recommendation No.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'.

### **Reply of the Government**

The new DPSUs are pursuing product diversification and exploring new markets to expand their demand base and increase in their order book. DPSUs are also taking measures for developing new products in-house as well as through collaborative efforts with reputed Original Equipment Manufacturers (OEMs). The DPSUs are participating in different bids being issued by the Services, MHA and other domestic customers. Also, they are exploring export opportunities in new countries through interaction with Defence Attaches posted at various Indian Embassies and Missions abroad. So far DPSUs have been successful in getting the export orders of approximately Rs. 4,200 crores.

### **Recommendation No.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.

### **Reply of the Government**

Vide MOD Order No. 4(8)/2022/NDCD dated 21.03.2023, Ministry has ordered for inclusion of profit element of 7.5% in the Deemed Contracts with these new DPSUs w.e.f. 01.10.2021. This order combined with functional & financial autonomy provided to these DPSUs is aimed at making them profitable and sustainable.

### **Research and Development Expenditure**

### **Recommendation No.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 is 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.

### **Reply of the Government**

DPSUs have already taken up R&D on different projects. They have also taken up collaborative development projects for new technologies under the umbrella of Make-II and iDEX. The products developed as outcome of R&D are registered as



Intellectual property. DPSUs are filing Intellectual Property Rights (IPRs), against these outcomes.

## **Indigenisation**

### **Recommendations Nos. 9-10:**

The Committee is 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.

### **Recommendation No.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.

### **Reply of the Government**

In continuous pursuit to achieve 100 per cent indigenisation and to minimise imports, DPSUs have adopted various flagship programmes of the Government such as:

- Make-II
- iDEX
- Srijan Defence Portal
- In-house research and development projects focusing on import substitution by indigenization of critical technologies
- Memorandum of Understandings/tie-ups with domestic defence industries for development and supply of indigenous items.

In this regard, a 'Dashboard' has been developed to monitor the status of progress of indigenisation. This dashboard enables real-time end-to-end updates of various activities being taken up by the respective DPSUs during the process of indigenisation.

## **Export**

### **Recommendation No.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.

#### **Recommendation No.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.

#### **Reply of the Government**

To focus on exports and business development, regular review meetings are being held at the highest level in the Ministry. Defence attaché posted are being contacted for assistance in boosting exports. DPSUs are participating in international exhibitions to promote their products in foreign countries.

Separate Business Development Divisions have been created by the new DPSUs for widening their customer base and better coordination of export activities and interaction with prospective organizations/customers. The new DPSUs have shown commendable progress in exports, as compared to erstwhile OFB and orders have been received from new Countries for the first time. The new DPSUs have obtained export orders of value more than INR 4,200 Crores, since inception.

#### **Defence research and Development Organisation: Budget**

#### **Recommendations Nos. 13-15**

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.

### **Reply of the Government**

The recommendation of the Committee has been noted. Efforts will be made to allocate funds projected by DRDO. If required, additional funds will be sought at Supplementary/RE stage during the course of the year.

### **Recommendation No. 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.

### **Reply of the Government**

In BE 2023-24, DRDO has been allocated an amount of Rs. 23,263.89 Crore which is an increase of Rs. 2,133.69 Crore over BE 2022-23 allocations. The Committee may be assured that all efforts will be made to obtain additional funds projected by DRDO at Supplementary/RE stage. Also, if required, through reprioritization, it will be ensured that no projects of DRDO are withheld due to paucity of funds.

### **Recommendation No. 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.

## **Reply of the Government**

The Committee may be assured that all efforts will be made to obtain additional funds projected by DRDO at Supplementary/RE stage. Also, if required, through reprioritization, it will be ensured that no projects of DRDO are withheld due to paucity of funds.

### **DRDO collaboration with private industries**

#### **Recommendations Nos.16-18:**

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.

#### **Recommendation No.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.

#### **Recommendation No.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.

## **Reply of the Government**

DRDO has introduced a policy on selection of the Development cum Production Partner (DcPP) for DRDO developed systems, which ensures involvement of industries (both Public and/or private Sector) from the beginning of development cycle, thus enabling the industries and facilitating hand-holding throughout the development phase. DcPP will absorb the technology during the development phase itself resulting in concurrent ToT.

Technology Development Fund Scheme is a program of MoD (Ministry of Defence) executed by DRDO under Make in India initiative. The Government has approved TDF Scheme to encourage industries especially MSMEs and Startups for the development of defence and dual use technologies that are currently not available with the Indian defence Industry. Through this scheme, Startups and MSMEs are engaged and awarded projects for development of the defence technologies. Appropriate measures are adapted to safe-guard the confidentiality and secrecy of the projects being developed through private Indian industries under TDF Scheme. Towards this, an NDA (Non-Disclosure Agreement) is signed with development partner, when, the developed technology is of confidential in nature. Also, a comprehensive agreement is signed for each project with the private industry, binding the industries to maintain the confidentiality and secrecy of the project being developed.

DRDO has launched long term Directed Research Policy in Oct 2021 for the engagement of academia, start-ups/industry for directed research and technology development to meet future technology requirements of defence and national security. DRDO has established 15 nos. of DIA-CoEs at various IITs, IISc and Central Universities across the country. DRDO will be collaborating with start-ups/ industry through DIA-CoEs which will help in accelerated technology product development.

### **Delay of Projects**

#### **Recommendation No. 19-20:**

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

#### **Reply of the Government**

'classified'.

#### **Recommendation No. 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.

## **Reply of the Government**

'classified'.

### **Self-reliance and Indigenization**

#### **Recommendation No. 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.

## **Reply of the Government**

This Ministry submits the requirements projected by the Services/ Organisations to Ministry of Finance for favourable consideration. In the pre-budget meeting discussions with M/o Finance, broad reasons for requirements projected by the Services are justified/ elaborated. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services/ Organisations, pace of expenditure in the current Financial Year, overall resource envelope available and pressing demands from other quarters etc. Based on the overall ceilings conveyed by M/o Finance, Ministry of Defence allocates funds among the Services and Organisations under MoD, taking into account Inter-Services priorities, pace of expenditure, pending committed liabilities etc. If required, additional funds are sought at Supplementary/RE stage. Further, the allocated funds are optimally utilized towards operational preparedness of the Services. If required, the schemes are reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

DRDO works in close association and collaboration with industries for development of its defence weapon systems and technologies. DRDO is developing products through other available means and short term processes as under:-

a) Defence R&D has been opened up for industry, start-ups and academia with 25% of defence R&D budget earmarked to be implemented through various existing schemes and new schemes have been proposed.

b) Technology Development Fund (TDF) Scheme executed by DRDO supports indigenous development of components, products, systems and technologies by

MSMEs and Start-ups. Funding under TDF scheme is Rs 50 Cr per Project, which is in line with the Budget Announcement.

c)DRDO-Industry Academia Centres of Excellence (DIA-CoE) has been established to support industry & academia to carry out directed research in critical and futuristic areas related to Defence applications. 6 DIA-CoEs have been established in current year (IIT Roorkee, IIT Kanpur, IIT BHU, IIT Jodhpur, IIT Kharagpur, IIT Hyderabad) bringing the total number to 15.

### **Protection against Nuclear, Biological and Chemical (NBC) attacks**

#### **Recommendations Nos. 22-23**

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.

#### **Recommendation No. 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.

#### **Reply of the Government**

DRDO has developed several products under CCS Programme on '**NBC Defence Technologies**'

DRDO is continuing its effort in NBC defence R&D to enhance indigenization level and save valuable foreign exchange. Sufficient budget has been allocated for development of State-of-the-Art technologies and products to make country self-reliant in the field of NBC warfare.

### **NATIONAL CADET CORPS - Budget**

#### **Recommendation No. 24-25:**

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.

### **Reply of the Government**

Observations of the Committee are noted.

### **Recommendation No. 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 Micro light 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.

### **Reply of the Government**

The funds are allocated to the Services, including NCC, after analyzing projections made and allocations received from M/o Finance. The funds are projected by the Services under Capital Head depending on various factors including pending Committed Liabilities, status of new project proposals, likely expenditure on ongoing works etc. In FY 2023-24, NCC had projected 13 Crore under Capital Head and the same has been allocated. If NCC seeks additional funds during the course of the year, the same will be sought at Supplementary/RE stage.

### **Lack of infrastructure**

### **Recommendation No. 26-27:**

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 has 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 desired 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.

### **Reply of the Government**

Recommendations of the Committee are noted.

#### **Recommendation No. 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 cybercrimes 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.

### **Reply of the Government**

Efforts are under way to coordinate with Indian Cyber Crime Coordination Centre (I4C) of MHA to conduct training for NCC cadets to strengthen the training component for youth against cyber-crimes and online frauds.

### **Waitlisted institutions and Trainers for the training of NCC Cadets**

#### **Recommendations Nos. 28-29:**

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 noted 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.

## **Reply of the Government**

As on 31-3-2023, total number of educational institutions covered by NCC is 20,390 and 9,795 are in the waiting list. There is gradual increase in the number of institutions covered by NCC and fresh applications for allotment of NCC are being continuously received.

The Government has also introduced the Fully Self Financing Scheme (FSFS) for Senior and Junior Divisions with 2 lakh vacancies thus giving the option to the institutions in the waiting list to avail this benefit. The scheme of expansion of NCC in Border /Coastal Talukas with 1 lakh vacancies has also been introduced.

Further, expansion of NCC is also being deliberated upon.

### **Recommendation No. 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.

## **Reply of the Government**

Recommendations of the Committee are noted. All efforts are being made to impart training to the cadets as per the curriculum without compromising on the quality of training.

### **Low Selection rate of NCC Cadets in Armed Forces**

#### **Recommendation No.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 Services Selection Board(SSB) Direct entry route.

## **Reply of the Government**

To increase the induction of NCC cadets in the armed forces, rigorous screening of cadets is done for imparting SSB coaching. Emphasis is being given on training of ANOs to enable them to guide and motivate the cadets. The efforts are showing encouraging results.

### **Job Avenue Available for NCC cadets**

#### **Recommendations Nos. 32-33:**

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 noted 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.

#### **Recommendation No. 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 instil 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.

## **Reply of the Government**

Recommendations of the Committee are noted and will be shared with the Ministry of Home Affairs (MHA). The data regarding recruitment of NCC 'C' certificate holders in Para Military Forces is not held with this ministry. MHA has been requested to share this data.

## **CHAPTER - III**

**Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government**

### **Low Selection rate of NCC Cadets in Armed Forces**

#### **Recommendation No. 30:**

From the data furnished by the Ministry, the Committee note that the selection rate of NCC 'C' Certificate holders through the Services 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.

#### **Reply of the Government**

To increase the induction of NCC cadets in the armed forces, rigorous screening of cadets is done for imparting SSB coaching. Emphasis is being given on training of ANOs to enable them to guide and motivate the cadets. The efforts are showing encouraging results.

## **CHAPTER - IV**

**Observations/Recommendations in respect of which reply of Government has not been accepted by the Committee**

**-Nil-**

**CHAPTER - V**

**Observations/recommendations in respect of which final replies of the Government are still awaited**

**-Nil-**

**New Delhi;  
18 December, 2023  
27 Agrahayana, 1945 (Saka)**

**JUAL ORAM  
Chairperson  
Standing Committee on Defence**

**STANDING COMMITTEE ON DEFENCE (2023-24)**

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON  
DEFENCE (2023-24)**

The Committee sat on Monday, the 18<sup>th</sup> December, 2023 from 1500 hrs. to 1615 hrs. in Committee Room 'D', Parliament House Annexe , New Delhi.

**PRESENT**

**Shri Jual Oram** - **Chairperson**

**MEMBERS**

**Lok Sabha**

2	Shri Durai Murugan Kathir Anand
3	Kunwar Danish Ali
4	Shri Rahul Gandhi
5	Shri Annasaheb Shankar Jolle
6	Shri Suresh Kumar Kashyap
7	Prof. (Dr.) Ram Shankar Katheria
8	Dr. Rajashree Mallick
9	Shri Jugal Kishore Sharma
10	Dr. Shrikant Eknath Shinde
11	Shri Prathap Simha
12	Shri Brijendra Singh

**Rajya Sabha**

13	Dr. Ashok Bajpai
14	Shri Kamakhya Prasad Tasa
15	Dr. Sudhanshu Trivedi
16	Smt. P.T. Usha
17	Shri G.K. Vasan
18	Lt. Gen. (Dr.) D. P. Vats (Retd.)

**SECRETARIAT**

1. Dr. Sanjeev Sharma - Joint Secretary
2. Shri Tirthankar Das - Director

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) **Draft Report on the subject 'A review of working of Defence Research and Development Organisation(DRDO)';**
- ii) **Draft Report on Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-fifth Report (17<sup>th</sup> Lok Sabha) on '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) **Draft Report on Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-sixth Report (17<sup>th</sup> Lok Sabha) on '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) **Draft Report on Action Taken by the Government on the Observations/Recommendations contained in the Thirty-seventh Report on '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) **Draft Report on Action Taken by the Government on the Observations/Recommendations contained in the Thirty-eighth Report 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)'.**

3. After some deliberations, the Committee adopted the above reports without any modifications. The Committee, then, authorized the Chairperson to finalise the above draft Reports and present the same to the House on a date convenient to him.



4. \*\*\*\*Does not pertain to the Report\*\*\*\*

The Committee then adjourned.

## APPENDIX II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE THIRTY-EIGHTH REPORT (17<sup>TH</sup> LOK SABHA) OF THE STANDING COMMITTEE ON DEFENCE ON DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2023-24 ON 'DIRECTORATE OF ORDANCE (COORDINATION AND SERVICES) – NEW DPSUS, DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION AND NATIONAL CADET CORPS (DEMAND NOS. 20 AND 21).

- |    |   |                |
|----|---|----------------|
| 1. | Total No. of Recommendations  | 32             |
| 2. | Observations/Recommendations which have been accepted by the Government (Chapter II):   |                |
|    | Recommendation Para Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19, 20, 21,22,23,24,25,26,27,28,29,31 and 32                          |                |
|    |   | Total : 31     |
|    |   | Percentage:97% |
| 3. | Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government (Chapter III): |                |
|    | Recommendation Para Nos. 30   |                |
|    |   | Total : 01     |
|    |   | Percentage:3 % |
| 4. | Observations/Recommendations in respect of which reply of Government has not been accepted by the Committee (Chapter IV):                   |                |
|    | -Nil-   | Total : 0      |
|    |   | Percentage:0%  |
| 5. | Observations/recommendations in respect of which final replies of the Government are still awaited (Chapter V):                             |                |
|    | -Nil-   | Total : 0      |
|    |   | Percentage:0%  |