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**STANDING COMMITTEE ON DEFENCE
(2025-26)**

(EIGHTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[Action Taken by the Government on the Observations/Recommendations contained in the Ninth Report of Standing Committee on Defence (18th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2025-26 on 'Capital Outlay on Defence Services, Defence Planning, Procurement Policy and Defence Pensions (Demand No. 21 and 22)']

SEVENTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2025 / Agrahayana 1947 (Saka)

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(2025-26)

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Presented to Lok Sabha on 09.12.2025

Laid in Rajya Sabha on 09.12.2025



LOK SABHA SECRETARIAT

NEW DELHI

December, 2025 / Agrahayana 1947 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2025-26)

SHRI RADHA MOHAN SINGH

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CHAIRPERSON

Lok Sabha

2	Dr. Rajeev Bharadwaj
3	Shri Karti P Chidambaram
4	Shri Lumbaram Choudhary
5	Shri Ranjit Dutta
6	Captain Viriato Fernandes
7	Shri Rahul Gandhi
8	Shri Mohmad Haneefa
9	Shri S. Jagathratchakan
10	Ms. S. Jothimani
11	Shri Ravindra Shukla Alias Ravi Kishan
12	Shri Shashank Mani
13	Smt. Mahua Moitra
14	Shri Bishnu Pada Ray
15	Shri Jagannath Sarkar
16	Shri Jagadish Shettar
17	Shri Virendra Singh
18	Shri Kesineni Sivanath
19	Dr. Thirumaavalavan Tholkappiyan
20	Com. Selvaraj V.
21	Shri Richard Vanlalhmangaiha

Rajya Sabha

22	Shri Naresh Bansal
23	Shri Damodar Rao Divakonda
24	Shri Shaktisinh Gohil
25	Shri Prem Chand Gupta
26	Shri Kamal Haasan
27	Shri Muzibulla Khan
28	Dr. Ashok Kumar Mittal
29	Shri Ujjwal Deorao Nikam
30	Shri Dhairyashil Mohan Patil
31	Dr. Sudhanshu Trivedi

SECRETARIAT

1. Smt. Jyochnamayi Sinha - Joint Secretary
2. Smt. Juby Amar - Director
3. Shri Ajay Kumar Prasad - Deputy Secretary
4. Shri Vikas Kumar - Under Secretary

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2025-26), having been authorized by the Committee, present this Seventeenth Report (18th Lok Sabha) of the Committee on Action Taken by the Government on the Observations/Recommendations contained in the Ninth Report of Standing Committee on Defence (18th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2025-26 on 'Capital Outlay on Defence Services, Defence Planning, Procurement Policy and Defence Pensions'. (Demand No. 21 and 22)'.

2. The Ninth Report (18th Lok Sabha) was presented to Lok Sabha and laid in Rajya Sabha on 17th March, 2025. The Report contained 15 Observations/ Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in June, 2025.

3. The Report was adopted at the Sitting held on 4th December, 2025.

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 Ninth Report (18th Lok Sabha) of the Standing Committee on Defence is given in Appendix II.

**New Delhi;
04 December, 2025
13 Agrahayana, 1947 (Saka)**

**RADHA MOHAN SINGH
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 Ninth Report (Eighteenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2025-26 on '**Capital Outlay on Defence Services, Defence Planning, Procurement Policy and Defence Pensions**'. (Demand No. 21 and 22)', which was presented to Lok Sabha and laid in Rajya Sabha on 17.03.2025.

2. The 9th Report (18th Lok Sabha) of the Committee contained 15 observations/recommendations on the following aspects:-

Para No.	Subject
1	Ministry of Defence Budget and Demands for Grants 2025-26: An Overview
2	Capital Outlay on Defence Services: BE 2025-26 and BE 2024.25
3	Utilisation of Capital budget
4	Ratio of Capital and Revenue Outlay for the Services
5	Modernization of Defence Forces
6-7	Defence Procurement Policy
8	Accountability and Transparency in Defence Procurement
9	Ensuring Level Playing Field for Private Defence Industry
10	Dependence on Foreign Suppliers
11	Self Reliance and Make in India Initiatives
12	Offset Clause
13	Foreign Direct Investment
14	Defence Planning
15	Defence Pensions

3. The complete Action Taken Replies have been received from the Government in respect of all the 15 observations/recommendations contained in the Report on 04 June, 2025. 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 and 15

(Total - 15)

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

Para Nos. –Nil-

(Total - 00)

- (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 - 00)

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 Ninth Report of the Committee in the succeeding Paragraphs.

A. Ratio of Capital and Revenue Outlay for the Services

Recommendation (Para No. 4)

6. The Committee had recommended as under:

On scrutiny of the documents provided by the Ministry of Defence in connection with examination of Demands for Grants for the year 2025-26, the Committee note that as per data pertaining to the last five financial years i.e. 2020-21 onwards, the 'Revenue' component of the total outlay for the three Services overshadows the 'Capital' component significantly. The overall 'Revenue' to 'Capital Ratio' of the budgetary allocation for the Services stands at, 61:39, 64:36, 65:35, 66:34 67:33 and 63:37 for 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25 respectively. For 2025-26, the Revenue to Capital ratio stands at 65:35. The Committee are given to understand that Revenue expenditure (Demand No. 20) includes expenditure on pay & allowances, transportation, revenue stores (like ordnance stores, rations, petrol, oil and lubricants, spares, maintenance of various platforms/equipment etc.), revenue works (which include maintenance of buildings, water and electricity charges, rents, rates and taxes, etc) and other miscellaneous expenditure; Capital expenditure includes expenditure on land, construction works, plant and machinery, equipment, heavy and medium vehicles, Naval Vessels, Aircraft and Aero engines, Dockyards, etc. In the considered view of the Committee, both Revenue and Capital expenditure play significant roles in operational preparedness of our Forces. Therefore, the Committee hope that allocations under Capital head need to be suitably matched to balance the ratio of Revenue and Capital outlay for the Services.

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

It may be mentioned that Capital Budget of the Armed Forces has been consistently increasing in absolute terms and in BE 2025-26, an amount of Rs.1,80,000.00 Crore has been allocated to Ministry of Defence under Capital Head which is an increase of Rs. 8000 Crore over BE 2024-25 allocations.

2. Further, the Committee may be informed that this Ministry submits the requirements projected by the Services (both Revenue and Capital Heads) to Ministry of Finance for favourable consideration. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services, pace of expenditure in the current financial year, overall resource envelope available with MoF 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. Therefore, it may be stated that allocations under the Revenue and Capital Heads depend upon several factors including requirements of the Services/ Departments and increasing allocation under Capital Head, just to balance the ratio, may not be feasible.

8. During examination of Demands for Grants for the year, 2025-26, the Committee had noticed the allocation of higher proportion towards Revenue Component of Defence Budget vis-à-vis the Capital Component. While acknowledging the significant role of both Revenue and Capital component in operational preparedness of the forces, the Committee in their original Report had hoped for suitable enhancement in the ratio of Capital Component to balance the Revenue and Capital ratio. The Committee are happy to note that in BE for the year 2025-26, an amount allocation of Rs. 1,80,000.00 crore has been allocated to Ministry of Defence under Capital head which is an increase of allocation of Rs. 8000 crore over BE for the year 2024-25. The Ministry has further informed that allocation of funds within the Ministry is done on the basis of inter-services priorities, pace of expenditure, pending committed liabilities etc. Thus, increasing allocation under Capital Head, just to balance the ratio, may not be feasible. The Committee agree with the reply of the Ministry of Defence, however, they expect an upward trajectory of funds allocation towards Revenue and Capital Heads in general and Capital Heads in particular in future.

B. Modernization of Defence Forces

Recommendation (Para No. 5)

9. The Committee had recommended as under:

The Committee after gleaning through the available facts, learn that the Modernisation of Defence Forces is funded through Capital segment of the Defence budget. Modernisation involves the acquisition of new state-of-the-art platforms, technologies and weapon systems to upgrade and augment defence capabilities. They

feel that it is a continuous process based on threat perception, operational challenges and technological changes to keep the Armed Forces in a state of readiness to meet the entire spectrum of security challenges. The equipment requirements of the Armed Forces are planned and progressed through a detailed process which includes 15 Year Long Term Integrated Perspective Plan (LTIPP), a 5-year Service-wise Capability Acquisition Plan, a 2-year roll-on Annual Acquisition Plan and deliberations by the Defence Acquisition Council chaired by the Raksha Mantri. The Committee note that in 2025-26, out of the amount of ₹ 1,80,000 crore allocated for Capital Outlay on Defence Services for the Services/Organisations covered under Defence Services Estimates, ₹ 1,48,722.80 crore is allocated for Capital Acquisition /Modernisation Head of the three Services viz. Army, Navy (including Joint Staff) and Air Force. The Committee also find that the allocation for Modernisation Head of the Services has seen an increase of ₹ 8,000 crores from BE 2024-25. Keeping in view the need for maintaining credible war deterrence at all times, the Committee recommend that enhanced budgetary allocation, if sought, under Capital Head for modernization purpose at Revised Estimates 2025- 26 may be given to ensure state-of-the-art weapons/equipment and logistical support for the Armed Forces.

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

It may be highlighted that an amount of Rs. 1,80,000.00 Crore has been allocated to Ministry of Defence under Capital Head in BE 2025-26 which is an increase of Rs. 8000 Crore over BE 2024-25 allocations. Further, the Committee may be assured that this if required, Ministry will seek additional funds at Supplementary stages to ensure state-of-the-art weapons/equipment and logistical support for the Armed Forces.

11. During the examination of Demands for Grants for the year 2025-26 and through the reply furnished by the Ministry of Defence in response to recommendation of the Committee, the Ministry has informed that an amount of Rs. 1,80,000.00 crore has been allocated to the Ministry under Capital Head in BE for the year 2025-26 which is an increase of Rs. 8000 crore over 2024-25 allocations. The Ministry in their reply has further assured that additional funds at supplementary stages would be sought to ensure state-of-the-art weapons/equipment and logistical support for the Armed Forces. The Committee would like to be apprised regarding the amount sought at the supplementary stage, if any, along with the allocation made and expenditure incurred therein.

C. Defence Procurement Policy

Recommendation No. 06:

12. The Committee had recommended as under:

The Committee find that policy for procurement of defence equipment for the Armed Forces aims to develop the capability of the armed forces and by meeting the security and operational needs. The thrust remains to buy contemporary armaments in a time bound manner. Simultaneously, it also envisages to make India self-reliant in defence equipment production with the ultimate aim to develop India as a global defence manufacturing hub. The policy is implemented through the mechanism of Defence Procurement Procedure (DPP). The Committee also find that the Defence Procurement Procedure, which has been now revised as Defence Acquisition Procedure (DAP) 2020, which is driven by the tenets of Defence Reforms announced as part of Atmanirbhar Bharat Abhiyan. In order to promote indigenous design and development of defence equipment 'Buy {Indian - IDDM (Indigenously Designed, Developed and Manufactured))}' category which was introduced in 2016 and was accorded top most priority for procurement of capital equipment, has been retained in DAP 2020. The Committee were also informed that Ministry of Defence has notified five positive indigenization lists, which contain a total of 509 items, which also include highly complex systems, sensors, weapons and ammunition which have been included and these will be manufactured and developed in India and procured for indigenous sources. In addition, the D/o Defence Production has also notified 5,012 items which includes assemblies, sub-assemblies, spares and components that will only be procured from Indian industries by the DPSUs. The Ministry in its presentation has stated that DPP, 2002 has been revised nine times and due to diversity of our geographical terrain the procurement manual has to address all eventualities. Though the Committee take cognizance of the fact that the requirements of each of the armed forces are very complex yet the Committee recommend that time bound and determined efforts must be made by all the stakeholders involved in the process of procurement such as the Ministry, DPSUs the Armed Forces and private sector as this is vital for realization of the goal of self-reliance in Defence Sector.

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

The Government attaches the highest priority to ensure that the Armed Forces are sufficiently equipped to meet any operational requirement. Capital Acquisition for the Indian Armed Forces is made as per guidelines under the Defence Acquisition Procedure (DAP), 2020 which is a flexible document continuously evolving on the basis of operational experience, changing threat perceptions and technological advancements. Continuous review of DAP ensures that hurdles in speedier acquisitions are identified and removed swiftly which ultimately reduces the acquisition cycle. DAP-2020 has been kept updated via Business Processing Reengineering (BPR) wherein 103 amendments have been carried out to align the same towards more efficient and effective processes. For promoting indigenous defence industry, following amendments were made to DAP-2020: -

- a) Increased Indigenous Content (IC) in various categories of procurement under DAP-2020. Inclusion of provision for minimum 50% IC in the form of indigenous material/components/software in the equipment being acquired with an aim at boosting indigenous production and reduce import dependency.
- b) Notification of 'Positive Indigenisation Lists' on a periodic basis to promote Atmanirbharta. Five Positive Indigenization Lists comprising of 509 platforms/equipment have been issued.
- c) Self-Reliance in Indian Defence eco system with "No foreign sourcing" Foreign procurements only as exceptions with prior approval of Defence Acquisition Council.

A comprehensive review of DAP-2020 is due in the current year to ensure timely acquisitions in transparent manner.

Further, 64.09% of the total capital budget has been earmarked for domestic Capital procurement in 2021-22, which has been increased to 68% for FY 2022-23 and 75% for FY 2023-24, 2024-25 and 2025-26.

14. The Committee note from the reply of the Ministry that various initiatives are being taken under the Defence Procurement Policy to develop the capability of the Armed Forces, along with fulfilling security and operational needs. The Committee take positive note with regard to the highest priority accorded by the Government towards ensuring and fulfilling all operational requirements of armed forces by sufficiently reinforcing the indigenous production and procurement processes through various programmes and projects.

The Committee appreciate the Ministry's view that continuous review of DAP ensures that hurdles/bottlenecks in speedier acquisitions are identified and removed swiftly thereby reducing the acquisition cycle. Further, the Committee applaud the Ministry of Defence for undertaking initiatives to boost self-reliance in Indian Defence eco system. viz (i) increased Indigenous Content (IC) in various categories of procurement under DAP 2020, (ii) notification of Positive Indigenisation List on a periodic basis to promote Atmanirbharata and issuance of 509 platforms/equipment in Five Positive Indigenisation Lists (iii) inclusion of the provision like "No foreign sourcing" and go for Foreign procurement only as an exception with prior approval of Defence Acquisition Council etc. The Committee are happy to note that the gradual increase in earmarking of domestic capital procurement from 64.09 percent in the financial year 2021-22 to 68 percent in the financial year 2022-23 and 75 percent in the years 2023-24, 2024-25 and 2025-26 also testifies the seriousness of the Ministry of Defence to boost Self-reliance in Indian Defence eco system. The Committee also note that a

comprehensive review of DAP 2020 is due in the current year to ensue timely acquisitions in transparent manner. The Committee hope that the Ministry of Defence would complete this review in a time bound manner and revise Defence procurement manual accordingly. The Committee further desire the Ministry to ensure collaborative participation of all the stakeholders like the Ministry of Defence, DPSUs, the Armed Forces and the Private Sectors in the review process for further augmentation of Atmanirbharata. The action taken in this regard may be apprised to this Committee.

Recommendation No. 07:

15. The Committee had recommended as under:

The Committee also note from the detailed information furnished by the Ministry regarding priorities of procurement with the Atmanirbhar Bharat in focus where indigenous design and development has been prioritized to reverse the imbalance between import and indigenous manufacture which has been further categorized into five categories. The Ministry has further illustrated the Acquisition Process as well where different stages of trials and approvals before finalizing any procurement contracts has been mentioned. The Ministry, while giving said information have mentioned that all procurements procedures are finished in a time bound manner, however a fixed timeline has not been mentioned. The Committee is of the view that with high level of dynamism in the field of technology such a procedure without a fix timeline can result in technology becoming obsolete and redundant thereby having adverse impact on the security of the country. Furthermore, the dynamism of international geopolitics can also threaten the smooth acquisition due to several unpredictable factors. Therefore, in the wake of dynamism exhibited in terms of technological development and global relations, the Committee recommend that Ministry should try to identify ways in which the defence acquisition can be accelerated in a fix time line without compromising on the transparency and accountability of the process. This would not only help in empowering our forces but will also act as deterrent for the hostile countries. The Committee may be apprised of the action taken in this regard.

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

The Government is maintaining the highest standards of transparency, probity, public accountability and a balance between competing requirements such as expeditious procurement, high quality standards and appropriate costs in capital acquisition process. Ministry of Defence has aligned its acquisition process with Atmanirbhar Bharat clarion and it is focused towards enhancing self-reliance in defence production and Indigenisation of spares.

Some of the measures being undertaken to accelerate defence equipment acquisition are simplification of trials based on certification, compression of timelines for

capital acquisitions and revision of Defence Acquisition Procedure (DAP)-2020 in the current year.

17. The Committee in their original report had recommended the Ministry to identify ways and means to accelerate the defence acquisition process without compromising on the transparency and accountability of the process. The Ministry in their action taken replies has stated that the Government is maintaining the highest standard of transparency, probity, public accountability and balance between competing requirements such as expeditious procurement, high quality standards and appropriate costs in capital acquisition process. The Committee are pleased to note the visible steps taken by the Ministry towards “Aatmnirbhar Bharat” in defence production and indigenisation of spares. The Committee also note that the Ministry has taken steps to accelerate defence equipment acquisition by simplification of trials based on certification, compression of timeline in capital acquisitions and revision of Defence Acquisition Procedure (DAP) 2020 in the current year. The Committee may be apprised of the effects/impacts of all such measures undertaken to accelerate acquisition.

E. Accountability and Transparency in Defence Procurement

Recommendation No. 08

18. The Committee had recommended as under:

The Committee note that for ensuring accountability and transparency in Defence Procurement cases, the Ministry has taken various measures like interactive policy reviews with Indian defence industry, use of certification, simulation, visibility of Capability Development Plan to Indian Defence Ecosystem, hosting of policy changes, AoNs, RFI, etc on MoD website, etc. The Committee appreciate the steps taken by the Ministry for ensuring accountability and transparency in the Defence Sector but would also recommend the need to warrant that all the measures/steps taken are implemented stringently at all levels and a robust monitoring mechanism must be formulated for ensuring fair and timely procurement of weapon systems.

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

All measures instituted by the GoI/Ministry of Defence to promote probity, public accountability and transparency in Defence Capital procurements towards ensuring accountability and transparency are being adhered to diligently in letter and spirit. Any discrepancies/violations, if noticed, are handled as per existing provisions for the same.

20. While appreciating the steps taken by the Ministry for ensuring accountability and transparency in Defence Procurement cases, the Committee in

the original Report had recommended to ensure stringent implementation of those measures at all levels and a robust monitoring mechanism to put into place to oversee and ensure fair and timely procurement of weapon systems. The Ministry in the action taken replies has mentioned that all measures instituted by the Ministry to promote probity, public accountability and transparency in procurement are being adhered to diligently in *letter and spirit* and any discrepancies /violations, if noticed, are handled as per existing provisions for the same. The Committee may be apprised of the number of such cases related to violations, if any.

Recommendation No. 15:

F. Defence Pensions

21. The Committee had recommended as under:

The Committee observe that Defence Pensions, under the Ministry of Defence provides for pensionary charges in respect of retired defence personnel (including defence civilian employees) of the three services and employees of erstwhile ordnance factories etc. The Committee have been informed that the total number of defence personnel in the country is 32,94,181 including 6,40,536 defence civilian pensioners and 26,79,645 armed force pensioners. The Committee note that the System for Pension Administration (Raksha) (SPARSH) is being implemented for making the pension sanction and disbursement for the armed forces. They are happy to note that a total of 28.24 lakh defence pensioners have been migrated to SPARSH and a total of Rs. 67,388.45 crores have been disbursed through SPARSH in FY 2024-25 till August 2024. While appreciating the efforts made by the Ministry in migrating a large number into SPARSH, the Committee, in this regard, recommend that migration of the remaining pensioners be expedited at an early date.

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

In this context, it is stated that the experience gained from data updation & conversion of AS-IS cases (migrated in the year 2023) to normal, Ministry of Defence has various constructive measures on hand for updation and conversion of data to ensure hassle free migration and avoid errors in pensioner's data post migration. Accordingly, the migration of balance legacy cases will be taken after data purification and updation.

23. During the course of examination of DFG (2025-26), the Committee was given to understand that System for Pension Administration (Raksha) (SPARSH) has been made operational and a total of 28.24 lakh defence pensioners have already been migrated to SPARSH. Further, Ministry of Defence in their action

taken reply have informed that from the experience gained from data updation and conversion of AS-IS cases to normal, various constructive measures have been initiated on hand for updation and conversion of data to ensure smooth migration and avoid errors in data post migration. The migration of balance legacy cases will be taken after data purification and updation. The Committee take a positive note of the efforts undertaken by the Ministry, and they are hopeful that the remaining data would be transferred/updated expeditiously for seamless disbursement of pensions. The Committee would also like to know the time by when transfer of said data is likely to be completed.

CHAPTER - II

Observations/Recommendations which have been accepted by the Government

Recommendation No. 1

The Committee are not oblivious of the fact that the Defence Budget is categorised/grouped under four Demands for Grants viz. Demand No. 19 – Ministry of Defence (Civil), Demand No. 20– Defence Services (Revenue), Demand No. 21 – Capital Outlay on Defence Service and Demand No. 22 – Defence Pensions. Demand Nos. 19 and 22 come under Civil/Pension Estimates and Demand Nos. 20 and 21 constitute Defence Services Estimates. Grant Number 20 caters to revenue expenditure which includes expenditure on pay & allowances, transportation, revenue stores (like ordnance stores, ration, petrol, oil and lubricants, spares, maintenance of various platforms / equipment etc), revenue works (which include maintenance of buildings, water and electricity charges, rents, rates and taxes, etc) and other miscellaneous expenditure.

Grant Number 21 caters to Capital expenditure which includes expenditure on land, construction works, plant and machinery, equipment, heavy and medium vehicles, Naval Vessels, Aircraft and Aero engines, Dockyards, etc. During the examination of the subject, the Committee find that re-structuring of Capital budget has been done with effect from FY 2024-25 wherein budgetary allocation of the three Services under common minor heads has been clubbed under the newly

introduced Sub Major Head 09 i.e. Defence services. Allocation under other minor heads which are not common to the Services remain unchanged. During the examination of Demands for Grants of the Ministry of Defence for 2025-26, the Committee learn that the total allocated budget for the Ministry of Defence for Financial Year 2025-26 is ₹ 6,81,210.27 crore. Out of this amount, the largest share of 72.19%, i.e. ₹ 4,91,732.30 crore has been allocated for Defence Services Estimates (Grant Number 20 and 21). The Capital Outlay on Defence Services (Grant number 21) has been allocated an amount of ₹ 1,80,000.00 crore. An amount of ₹ 3,11,732.30 crore has been allocated to Defence Services Revenue (Grant Number 20).

Reply of the Government

This is factual information, hence no comments are offered.

Capital Outlay on Defence Services: BE 2025-26 and BE 2024.25

Recommendation No. 2

The Committee note that the capital budget of defence services is bifurcated into capital acquisition and other than capital acquisition with outlays of ₹1,48,722.80 crore and ₹ 31,277.20 crore respectively in BE 2025-26. The Committee take note of this fact with satisfaction that the total capital outlay of Defence services has registered an increase of 4.65 percent as compared to BE 2024-25. The capital acquisition expenditure which is also known as the modernisation budget of the Defence Services – Army, Navy, Air Force and Joint Staff – reflects an increase of 11.97 percent in comparison with RE 2024-25. Other than the Capital Acquisition segment, which consists of the land and works expenditure of the Armed Forces and the capital budget of DRDO, DGQA and Directorate of Ordnance (Coordination & Services), has seen an increase of 9.42 percent when compared to RE 2024-25. At this stage, the Committee desire that the such increase in allocations be maintained in future also so as to maintain upward trajectory of Capital budget allocation for the Defence Services.

Reply of the Government

Ministry of Defence takes Committee's recommendation into consideration and assures the Committee that all efforts will be made to maintain an upward trajectory of Capital Budget allocation for the Defence Services.

Utilisation of Capital budget

Recommendation No.3

The Committee learn that the total allocation under Capital Head at Revised Estimates 2024-25 to Army, Navy, Air Force, Joint Staff, Directorate of Ordnance (Coordination & Services) and R&D stood at ₹ 34,226.95 crore, ₹ 59,728.00 crore, ₹ 47,766.14 crore, ₹ 2,464.98 crore, ₹ 1,637.00 crore and ₹ 13,666 crore, respectively. The Committee, on examination of the budgetary documents in connection with DFG 2025-26, find that barring as per expenditure upto December, 2024 Army and Joint staff, the other Services and Organizations have not been able to fully utilize the funds allocated at RE 2024-25 for Capital Budget. While noting that about 66.4 percent of the grants could be utilized till the completion of the third quarter of the Financial Year, the Committee would like to be apprised as to what are the plans/schemes/channels/trajectory in place for utilizing the remaining 33.6 percent until the time this Financial Year draws to a close. The Committee, at this stage, hope that the Ministry would undertake a pragmatic approach while seeking further allocations at RE stage for making a realistic assessment of the allocations sought.

Reply of the Government

Addressing the utilization of Capital Budget, the Committee is apprised that the Expenditure under Grant No. 21 (Capital Outlay on Defence Services) as on 31st March, 2025 (March Supplementary – I) is Rs. 1,59,847.49 Crore which marks complete utilization of RE 2024-25, i.e., Rs. 1,59,500.00 Crore.

Ratio of Capital and Revenue Outlay for the Services

Recommendation No. 4

On scrutiny of the documents provided by the Ministry of Defence in connection with examination of Demands for Grants for the year 2025-26, the Committee note that as per data pertaining to the last five financial years i.e. 2020-21 onwards, the 'Revenue' component of the total outlay for the three Services overshadows the 'Capital' component significantly. The overall 'Revenue' to 'Capital Ratio' of the budgetary allocation for the Services stands at, 61:39, 64:36, 65:35, 66:34 67:33 and 63:37 for 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25 respectively. For 2025-26, the Revenue to Capital ratio stands at 65:35. The Committee are given to understand that Revenue expenditure (Demand No. 20) includes expenditure on pay & allowances, transportation, revenue stores (like ordnance stores, rations, petrol, oil and lubricants, spares, maintenance of various platforms/equipment etc.), revenue works (which include maintenance of buildings, water and electricity charges, rents, rates and taxes, etc) and other miscellaneous expenditure; Capital expenditure includes expenditure on land, construction works, plant and machinery, equipment, heavy and medium vehicles, Naval Vessels, Aircraft and Aero engines, Dockyards, etc. In the considered view of the Committee, both Revenue and Capital expenditure play significant roles in operational preparedness of our Forces. Therefore, the Committee hope that allocations under Capital head need to be suitably matched to balance the ratio of Revenue and Capital outlay for the Services.

Reply of the Government

It may be mentioned that Capital Budget of the Armed Forces has been consistently increasing in absolute terms and in BE 2025-26, an amount of Rs.1,80,000.00 Crore has been allocated to Ministry of Defence under Capital Head which is an increase of Rs. 8000 Crore over BE 2024-25 allocations.

2. Further, the Committee may be informed that this Ministry submits the requirements projected by the Services (both Revenue and Capital Heads) to Ministry of Finance for favourable consideration. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services, pace of expenditure in the current financial year, overall resource envelope available with MoF 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. Therefore, it may be stated that allocations under the Revenue and Capital Heads depend upon several factors including requirements of the Services/ Departments and increasing allocation under Capital Head, just to balance the ratio, may not be feasible.

Modernization of Defence Forces

Recommendation No.5

The Committee after gleaning through the available facts, learn that the Modernisation of Defence Forces is funded through Capital segment of the Defence budget. Modernisation involves the acquisition of new state-of-the-art platforms, technologies and weapon systems to upgrade and augment defence capabilities. They feel that it is a continuous process based on threat perception, operational challenges and technological changes to keep the Armed Forces in a state of readiness to meet the entire spectrum of security challenges. The equipment requirements of the Armed Forces are planned and progressed through a detailed process which includes 15 Year Long Term Integrated Perspective Plan (LTIPP), a 5-year Service-wise Capability Acquisition Plan, a 2-year roll-on Annual Acquisition Plan and deliberations by the Defence Acquisition Council chaired by the Raksha Mantri. The Committee note that in 2025-26, out of the amount of ₹ 1,80,000 crore allocated for Capital Outlay on Defence Services for the Services/Organisations covered under Defence Services Estimates, ₹ 1,48,722.80 crore is allocated for Capital Acquisition /Modernisation Head of the three Services viz. Army, Navy (including Joint Staff) and Air Force. The Committee also find that the allocation for Modernisation Head of the Services has seen an increase of ₹ 8,000 crores from BE 2024-25. Keeping in view the need for maintaining credible war deterrence at all times, the Committee recommend that enhanced budgetary allocation, if sought, under Capital Head for modernization purpose at Revised Estimates 2025- 26 may be given to ensure state-of-the-art weapons/equipment and logistical support for the Armed Forces.

Reply of the Government

It may be highlighted that an amount of Rs. 1,80,000.00 Crore has been allocated to Ministry of Defence under Capital Head in BE 2025-26 which is an increase of Rs. 8000 Crore over BE 2024-25 allocations. Further, the Committee may be assured that this if required, Ministry will seek additional funds at Supplementary stages to ensure state-of-the-art weapons/equipment and logistical support for the Armed Forces.

Defence Procurement Policy

Recommendation No. 06:

The Committee find that policy for procurement of defence equipment for the Armed Forces aims to develop the capability of the armed forces and by meeting the security and operational needs. The thrust remains to buy contemporary armaments in a time bound manner. Simultaneously, it also envisages to make India self-reliant in defence equipment production with the ultimate aim to develop India as a global defence manufacturing hub. The policy is implemented through the mechanism of Defence Procurement Procedure (DPP). The Committee also find that the Defence Procurement Procedure, which has been now revised as Defence Acquisition Procedure (DAP) 2020, which is driven by the tenets of Defence Reforms announced as part of Atmanirbhar Bharat Abhiyan. In order to promote indigenous design and development of defence equipment 'Buy {Indian - IDDM (Indigenously Designed, Developed and Manufactured))}' category which was introduced in 2016 and was accorded top most priority for procurement of capital equipment, has been retained in DAP 2020. The Committee were also informed that Ministry of Defence has notified five positive indigenization lists, which contain a total of 509 items, which also include highly complex systems, sensors, weapons and ammunition which have been included and these will be manufactured and developed in India and procured for indigenous sources. In addition, the D/o Defence Production has also notified 5,012 items which includes assemblies, sub-assemblies, spares and components that will only be procured from Indian industries by the DPSUs. The Ministry in its presentation has stated that DPP, 2002 has been revised nine times and due to diversity of our geographical terrain the procurement manual has to address all eventualities. Though the Committee take cognizance of the fact that the requirements of each of the armed forces are very complex yet the Committee recommend that time bound and determined efforts must be made by all the stakeholders involved in the process of procurement such as the Ministry, DPSUs the Armed Forces and private sector as this is vital for realization of the goal of self-reliance in Defence Sector.

Reply of the Government

The Government attaches the highest priority to ensure that the Armed Forces are sufficiently equipped to meet any operational requirement. Capital Acquisition for the Indian Armed Forces is made as per guidelines under the Defence Acquisition Procedure (DAP), 2020 which is a flexible document continuously evolving on the basis of operational experience, changing threat perceptions and technological advancements. Continuous review of DAP ensures that hurdles in speedier acquisitions are identified and removed swiftly which ultimately reduces the acquisition cycle. DAP-2020 has been kept updated via Business Processing Reengineering (BPR) wherein 103 amendments have been carried out to align the same towards more efficient and effective processes. For promoting indigenous defence industry, following amendments were made to DAP-2020: -

- d) Increased Indigenous Content (IC) in various categories of procurement under DAP-2020. Inclusion of provision for minimum 50% IC in the form of indigenous material/components/software in the equipment being acquired with an aim at boosting indigenous production and reduce import dependency.
- e) Notification of 'Positive Indigenisation Lists' on a periodic basis to promote Atmanirbharta. Five Positive Indigenization Lists comprising of 509 platforms/equipment have been issued.
- f) Self-Reliance in Indian Defence eco system with "No foreign sourcing" Foreign procurements only as exceptions with prior approval of Defence Acquisition Council.

A comprehensive review of DAP-2020 is due in the current year to ensure timely acquisitions in transparent manner.

Further, 64.09% of the total capital budget has been earmarked for domestic Capital procurement in 2021-22, which has been increased to 68% for FY 2022-23 and 75% for FY 2023-24, 2024-25 and 2025-26.

Recommendation No. 07:

The Committee also note from the detail information furnished by the Ministry regarding priorities of procurement with the Atmanirbhar Bharat in focus where indigenous design and development has been prioritized to reverse the imbalance between import and indigenous manufacture which has been further categorized into five categories. The Ministry has further illustrated the Acquisition Process as well where different stages of trials and approvals before finalizing any procurement contracts has been mentioned. The Ministry, while giving said information have mentioned that all procurements procedures are finished in a time bound manner, however a fixed timeline has not been mentioned. The Committee is of the view that with high level of dynamism in the field of technology such a procedure without a fix timeline can result in technology becoming obsolete and redundant thereby having adverse impact on the security of the country. Furthermore, the dynamism of international geopolitics can also threaten the smooth acquisition due to several unpredictable factors. Therefore, in the wake of dynamism exhibited in terms of technological development and global relations, the Committee recommend that Ministry should try to identify ways in which the defence acquisition can be accelerated in a fix time line without compromising on the transparency and accountability of the process. This would not only help in empowering our forces but will also act as deterrent for the hostile countries. The Committee may be apprised of the action taken in this regard.

Reply of the Government

The Government is maintaining the highest standards of transparency, probity, public accountability and a balance between competing requirements such as expeditious procurement, high quality standards and appropriate costs in capital acquisition process. Ministry of Defence has aligned its acquisition process with Atmanirbhar Bharat clarion and it is focused towards enhancing self-reliance in defence production and Indigenisation of spares.

Some of the measures being undertaken to accelerate defence equipment acquisition are simplification of trials based on certification, compression of timelines for capital acquisitions and revision of Defence Acquisition Procedure (DAP)-2020 in the current year.

Accountability and Transparency in Defence Procurement

Recommendation No. 08

The Committee note that for ensuring accountability and transparency in Defence Procurement cases, the Ministry has taken various measures like interactive policy reviews with Indian defence industry, use of certification, simulation, visibility of Capability Development Plan to Indian Defence Ecosystem, hosting of policy changes, AoNs, RFI, etc on MoD website, etc. The Committee appreciate the steps taken by the Ministry for ensuring accountability and transparency in the Defence Sector but would also recommend the need to warrant that all the measures/steps taken are implemented stringently at all levels and a robust monitoring mechanism must be formulated for ensuring fair and timely procurement of weapon systems.

Reply of the Government

All measures instituted by the GoI/Ministry of Defence to promote probity, public accountability and transparency in Defence Capital procurements towards ensuring accountability and transparency are being adhered to diligently in letter and spirit. Any discrepancies/violations, if noticed, are handled as per existing provisions for the same.

Ensuring Level Playing Field for Private Defence Industry

Recommendation No. 09:

The Committee also note that in order to ensure level-playing field for private defence industry vis-à-vis the DPSUs, various measures like enhanced opportunities through DND categories which have been given to the private industry since the Ordinance Factory Board (OFB) has been corporatized, there are seven DPSUs which have been added, and there has been a parity in securities and payment terms between the DPSUs and bank guarantees which were earlier five to ten per cent were reduced to three per cent and they remain at three per cent as on today. The Committee applaud the initiatives taken to attract the private enterprisers in the defence sector but there is still a lot more to be done in this direction. For the private players in defence sector, the Committee would like to recommend that the Ministry should try to encourage

indigenous private enterprises instead of foreign conglomerates. Considering long and arduous gestation period in defence manufacturing sector, the Committee would recommend the Ministry to enhance capital procurement and augment design and research assistance for indigenous players in order to create vibrant indigenous private defence manufacturing hub which is also the essence of the Atmanirbhar Bharat program. The Committee would also like to point that existence of flourishing private defence sector would necessitate the need for articulated design and patent laws synchronised with the unique needs of defence manufacturing sector.

Reply of the Government

The Ministry has launched various schemes to encourage indigenous private enterprises instead of foreign conglomerates like the launch of Innovations for Defence Excellence (iDEX), Make Schemes (Make I, Make II & Make III) & Technology Development Fund (TDF).

2. The Ministry encourages participation in R&D by Indian Industries. Buy (Indian-IDDM) has been given the highest priority for capital acquisition of Defence Equipment, as per DAP-2020.

3. Patents obtained by DRDO are available on DRDO website for use by industries, which are available free of cost to the industry. Ownership of IPR generated in iDEX and Make cases is also provided to the Industry. Ministry monitors the IPRs filed and granted in case of Indian designs developed by DPSUs and Industry under “Mission Raksha Gyan Shakti”. A dedicated IP cell has been created in the MoD.

Dependence on Foreign Suppliers

Recommendation No. 10

The Capital procurement of Defence equipment from Indian and foreign vendors is carried out as per the provisions of the extant Defence Procurement Procedure. Various military equipment is being imported from various countries as per the operational requirements of our Armed Forces. The Committee have been informed that during the last financial year (2023-24) and current Financial year 2024-25 (upto December, 2024), total 337 capital acquisition contracts have been signed for capital procurement of defence equipment for Armed forces, out of which 12 contracts have been signed with vendors from foreign countries (Russia, USA and France) for capital procurement of defence equipment and the major defence equipment imported includes Assault Rifles, Missiles, etc. The Committee also note that the value of foreign capital procurement is also going down during the last three years and current year. All these data show that dependence on foreign suppliers is decreasing substantially thus Committee is hopeful that India would soon become self-reliant in defence sector.

Reply of the Government

This is a factual statement by Hon'ble Committee. Ministry of Defence as a whole is committed to Atmanirbharta in Defence.

Self-Reliance and Make in India Initiatives

Recommendation No. 11

The Committee note that the 'Make in India' initiative of the Government is devised to transform India into a global design and manufacturing hub. 'Make in India' in defence sector is primarily driven by providing preference to procurement from Indian vendors under the Defence Acquisition Procedure (DAP), promoting indigenous design, development and manufacture of defence equipment, and other policy measures such as launch of iDEX and ADITI, simplification of Make procedure, introduction of simplified procedure for Make II sub-category, liberalization of the licensing regime and FDI policy by raising the cap on FDI in the defence sector, simplification of export procedure, streamlining of defence offset guidelines, creation of level playing field between public and private sector, formulation of outsourcing and vendor development guidelines, setting up of 'Technology Development Fund' for R&D with increased participation of public and private sector industry especially Medium, Small and Micro Enterprises (MSME) etc. The proposals for capital acquisition in Defence Procurement Procedure (DPP) are categorized as 'Buy (Indian-IDDMM)', 'Buy (Indian)', 'Buy and Make (Indian)' & 'Buy and Make' with preference over 'Buy (Global)' category, to make the country self-reliant in defence production after deliberations in various committees such as SPB/DPB/ DAC. The Ministry has also made allocation of 75% of Modernisation Defence budget for Domestic Procurement in FY 2025-26. Similarly, for promoting 'Make in India' several policy measures have been taken by way of revising FDI policy, enhancing indigenous/local contents to minimum 50%, creation of Defence Industrial Corridors in Uttar Pradesh and Tamilnadu and delivery of offsets through Indian partners with higher multipliers etc. The Committee are happy with the progress being made towards promotion of Make in India and making India Atmanirbhar in defence sector.

Reply of the Government

Ministry is thankful to the Committee for recognizing and appreciating efforts of Deptt. / Ministry for promoting "Make in India" & Atmanirbhar Bharat.

Offset Clause

Recommendation No.12

The Committee note that the Offsets under Defence Capital Acquisition were introduced in the Defence Procurement Procedure (DPP) in 2005 based on the recommendation of Kelkar Committee. The Offset guidelines in DPP have been amended 6 times thereafter. As per Defence Acquisition Procedure (DAP 2020) offset provisions are applicable only on "Buy Global" categories of capital acquisitions. They

apply in capital acquisition contracts which are more than Rs. 2,000 crores. However, the offsets are not applicable to procurements under “Fast Track Procedure” and in “Option Clause” cases if the same was not envisaged in the original contract. Further no offsets will be applicable in all ab-initio Single Vendor Cases including procurements based on Inter Governmental Agreements/Foreign Military Sales (IGA/FMS) and the offset applicability on Indian companies under ‘Buy Global’ cases do not arise in case the indigenization component is 30% or more. The Committee also note that offset contracts are co-terminus with the main procurement contract and signed along with the main procurement contract after approval of Competent Financial Authority (CFA) and the period of offset discharge can be extended on exceptional ground by a maximum period of two years. Further the DAP stipulates eligible products/services for discharge of offset obligations which covers defence products and Maintenance, Repair and Operations (MRO) related to helicopters and aircrafts. Though the responsibility for fulfilment of offsets obligations lies with the main vendor, however, the vendor is permitted to discharge his obligations through Tier 1 sub-vendors based on their work share. In case of investment and/or transfer of technology the offset discharge can be permitted by entities other than vendor/Tier-I Sub-vendor on case to case basis and the vendors are free to select their Indian Offset Partners (IOP) from DPSU/OFB/DRDO/Private Industry. The Offset Policy further allows vendors to submit offset details at later stage after signing of the contract i.e. either at the time of seeking offset credits or one year prior to discharge of offset obligations.

The Committee are given to understand that the vendors have been expressing difficulties in providing the details of Indian offset partners, products and work share along with supporting documents in the technical offset proposal as per offset guidelines at Technical Offset Evaluation Committee (TOEC) stage, sighting that these activities would be undertaken number of years later which would then cause seeking changes to the contract. Another major challenge towards post contract management had been timely and meaningful disposal of contract amendment requests received from the vendors for change of IOP/Product etc. The resolution of these issues have been catered for by introducing an amendment to the offset guidelines with the approval of Defence Acquisition Council, whereby vendors have been given an option to provide details of IOPs and products even after signing of contracts, thereby making it more realistic. Although the Committee appreciate the fact that the process for contract amendment has been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components, for the signed contracts yet there is scope for the Ministry to strive further towards effective implementation of offset guidelines based on the feedback received from the vendors at the grass-root level. Therefore, the Committee recommend that Ministry of Defence play more proactive role in selection of offset partners since the inception of such agreement in order to avert any kind of breach of offset agreement at any level. Furthermore, the Committee is in total concurrence that the success of indigenization of defence sector is adhered to fulfilment of offset agreement in toto. Additionally, therefore the Committee recommend that Ministry should work out a mechanism to ensure that all the offset agreements are implemented

thoroughly at all level to give momentum to indigenization programmes. The violators of offset agreement may be penalized appropriately keeping the security perception in mind. The Committee may be apprised of the action taken in this regard.

Reply of the Government

As per the Defence Offset Guidelines under extant DPP/DAP, the Vendor/Tier-1 sub vendor will be free to select the Indian Offset Partner (IOP) for implementing the offset obligation. The function of Defence Offset Management Wing (DOMW) in the Ministry includes assisting vendors in interfacing with Indian Industry. Ministry is organizing Conclaves/Webinars/Seminars/Interactive Sessions primarily through Industry Associations to facilitate interface of vendors with Indian defence companies.

2. Ministry has streamlined the process of management of offset contracts through digitisation of the offset claim submission, audit, verification and calculation of shortfalls. This has enhanced transparency, accountability and efficiency in offset management.

3. For unfulfilled offset obligations, the vendors are penalised as per the terms and conditions of the offset contracts governed by the applicable Defence Procurement Procedure.

Foreign Direct Investment

Recommendation No. 13:

The Committee note that the Government has reviewed the Foreign Direct Investment (FDI) policy in Defence Sector in September 2020 thereby allowing FDI under Automatic Route up to 74% and beyond 74% through Government Route wherever it is likely to result in access to Modern technology or for other reasons to be recorded. The Committee note that this FDI limit was increased from 49% to 74% to ensure that it will come along with the technology also and the FDI limit has also been made attractive enough as it facilitate up to 100% through Government Route. The Committee are of the considered view that the Ministry should ensure that despite raising the limits of FDI to as high as 74%, the purpose of self-reliance should not be hampered. Furthermore, the Committee note that current FDI policy facilitate up to 100 per cent by Government route wherever, it is likely to result in access to modern technology or for other reasons to be recorded. The Ministry also submitted that consequently increasing FDI through automatic route to 100 per cent will nullify the ownership of domestic partner. The Committee, therefore, recommend that in addition to the measures taken for making FDI more attractive, focused efforts may be undertaken by the Ministry to strengthen indigenous R&D base of the country and increase coordination between the public and private sector within the country, so that the indigenous defence sector is encouraged to develop and manufacture technologies/systems/accessories independently which are presently being acquired through the FDI route.

Reply of the Government

In order to boost Research & Development infrastructure in the country, Ministry of Defence has taken various measures so that the indigenous defence sector is encouraged to develop & manufacture technologies/systems/accessories. The initiatives inter-alia include Buy(Indian-IDDM) has been accorded top priority for procurement of capital equipment; Simplification of Make Procedure; Launch of Innovations for Defence Excellence (iDEX) scheme involving startups & Micro, Small and Medium Enterprises (MSMEs); Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers; Opening up of Defence Research & Development (R&D) for industry, startups and academia with 25 percent of defence R&D budget; implementation of New Transfer of Technology Policy; Launch of Dare to Dream Innovation: Contest to Support Start Ups & Innovators; Exclusive Technologies/Systems for industry to develop: 108 System identified, DRDO to provide scientific/technologic & testing support; Provisional access to own industry to world class test facilities of DRDO; Free access to Indian Industry to DRDO Patents, MoU with Defence Industrial Corridor to impact skill training, hand holding & guidance; To augment the knowledge potential, Introduction of Defence Courses, Collaborative Ph. D Programmes/Certified Courses on AI & Cyber Technologies. Further DRDO is providing Apprenticeship scheme & Internship training to students.

Defence Planning

Recommendation No. 14:

The Committee have been informed that the Defence Planning process caters to the need of the current and future modernization need of the Armed Forces. The Committee understand that since this is an exhaustive process involving lot of internal and external variables of dynamic nature, it needs to be dynamic and adaptive. The Committee have been informed that keeping in mind the diverse need of all the three services, Headquarters Integrated Defence Staff (HQ IDS) had been made as a single point contact to ensure a joint planning for all the three services. The Committee are happy to note that HQ IDS has developed Integrated Capability Development System(ICDS) which carries out the defence planning through an interactive process. The Committee have been informed that Integrated Capability Development Plan will be prepared which will comprise Five Year Defence Acquisition plan and Two-Year Annual Acquisition Plan which will factor in budgetary projections. The Committee believe that planning under ICDP should be in tandem with changing nature of modern warfare which demands more focus on automation, velocity and application of Artificial Intelligence(AI).

Reply of the Government

As highlighted by the Committee, the outcome of a framework bound process will lead to an Integrated Capability Development Plan (ICDP) which caters for identification/acquisition of niche technologies (including AI and automation) to meet future threats and challenges. It will significantly enhance Tri-Services prioritisation and optimisation of the Capital Budget. Furthermore, to cater for longer horizon period upto and beyond 10 years, a 'Technology Perspective and Capability Roadmap (TPCR)' is prepared, which enunciates to the Industry specific demands of technologies and exact nature of requirements with specific quantities required by the Services.

Defence Pensions

Recommendation No. 15:

The Committee observe that Defence Pensions, under the Ministry of Defence provides for pensionary charges in respect of retired defence personnel (including defence civilian employees) of the three services and employees of erstwhile ordnance factories etc. The Committee have been informed that the total number of defence personnel in the country is 32,94,181 including 6,40,536 defence civilian pensioners and 26,79,645 armed force pensioners. The Committee note that the System for Pension Administration (Raksha) (SPARSH) is being implemented for making the pension sanction and disbursement for the armed forces. They are happy to note that a total of 28.24 lakh defence pensioners have been migrated to SPARSH and a total of Rs. 67,388.45 crores have been disbursed through SPARSH in FY 2024-25 till August 2024. While appreciating the efforts made by the Ministry in migrating a large number into SPARSH, the Committee, in this regard, recommend that migration of the remaining pensioners be expedited at an early date.

Reply of the Government

In this context, it is stated that the experience gained from data updation & conversion of AS-IS cases (migrated in the year 2023) to normal, Ministry of Defence has various constructive measures on hand for updation and conversion of data to ensure hassle free migration and avoid errors in pensioner's data post migration. Accordingly, the migration of balance legacy cases will be taken after data purification and updation.

CHAPTER - III

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

-Nil-

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;

04 December, 2025

13 Agrahayana, 1947 (Saka)

RADHA MOHAN SINGH

Chairperson

Standing Committee on Defence

STANDING COMMITTEE ON DEFENCE (2025-26)

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2025-26)**

The Committee sat on Thursday, the 4th December, 2025 from 1500 hrs to 1530 hrs in Committee Room D, Parliament House Annexe, New Delhi.

PRESENT

Shri Radha Mohan Singh- Chairperson

MEMBERS

Lok Sabha

- | | |
|----|------------------------------|
| 2 | Shri Karti P Chidambaram |
| 3 | Shri Ranjit Dutta |
| 4 | Shri Mohmad Haneefa |
| 5 | Ms. S. Jothimani |
| 6 | Shri Shashank Mani |
| 7 | Shri Jagannath Sarkar |
| 8 | Shri Virendra Singh |
| 9 | Shri Kesineni Sivanath |
| 10 | Shri Richard Vanlalhmangaiha |

Rajya Sabha

- | | |
|----|------------------------------|
| 11 | Shri Naresh Bansal |
| 12 | Shri Kamal Haasan |
| 13 | Shri Muzibulla Khan |
| 14 | Dr. Ashok Kumar Mittal |
| 15 | Shri Ujjwal Deorao Nikam |
| 16 | Shri Dhairyashil Mohan Patil |
| 17 | Dr. Sudhanshu Trivedi |

SECRETARIAT

- | | | |
|---------------------------|---|------------------|
| 1. Smt. Jyochnamayi Sinha | - | Joint Secretary |
| 2. Shri Amrish Kumar | - | Director |
| 3. Shri Ajay Kumar Prasad | - | Deputy Secretary |

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the Sitting *i.e.* consideration and adoption of the draft Action Taken Reports on the Observations/Recommendations contained in their 7th, 8th, 9th and 10th Reports on Demands for Grants of the Ministry of Defence for the year 2025-26.

3. The Committee then took up the following four draft Reports for consideration:

(i) Action Taken by the Government on the Observations/Recommendations contained in the Seventh Report (18th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2025-26 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Welfare of Ex-Servicemen and Defence Research and Development Organisation (Demand Nos. 19, 20 and 21)';

(ii) Action Taken by the Government on the Observations/Recommendations contained in the Eighth Report (18th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2025-26 on 'Army, Air Force, Navy, Joint Staff, Ex-Servicemen Contributory Health Scheme and Directorate General of Armed Forces Medical Services (Demand Nos. 20 and 21)';

(iii) Action Taken by the Government on the Observations/Recommendations contained in the Ninth Report (18th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2025-26 on 'Capital Outlay on Defence Services, Defence Planning, Procurement Policy and Defence Pensions (Demand No. 21 and 22)'; and

(iv) Action Taken by the Government on the Observations/Recommendations contained in the Tenth Report (18th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2025-26 on `Defence Public Sector Undertakings, Directorate of Ordnance (Coordination and Services)– New DPSUs, Directorate General of Quality Assurance, Directorate General of Aeronautical Quality Assurance and National Cadet Corps (Demand Nos. 20 and 21)´.

4. After deliberations, the Committee adopted the above Reports without any modifications. The Committee, then, authorised the Chairperson to finalise the above draft Report and present the same to the Parliament on a date convenient to him.

The Committee then adjourned.

APPENDIX II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE NINTH REPORT (18TH LOK SABHA) OF THE STANDING COMMITTEE ON DEFENCE ON DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2025-26 ON 'CAPITAL OUTLAY ON DEFENCE SERVICES, DEFENCE PLANNING, PROCUREMENT POLICY AND DEFENCE PENSIONS'. (DEMAND NO. 21 AND 22).

- 1. Total No. of Recommendations 15**
- 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 and 15

Total : 15

Percentage:100%

- 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. Nil

Total : 00

Percentage:00 %

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

Recommendation Para Nos. Nil

Total : 00

Percentage:0%

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

-Nil-

Total : 00

Percentage:0%