

STANDING COMMITTEE ON DEFENCE (2025-26)

(EIGHTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[Action Taken by the Government on the Observations/Recommendations contained in the Tenth Report of Standing Committee on Defence (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)']

EIGHTEENTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

December, 2025 / Agrahayana 1947 (Saka)

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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 Kaushik Kumar | - | Assistant Committee Officer |

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2025-26), having been authorized by the Committee, present this Eighteenth Report (18th Lok Sabha) of the Committee on Action Taken by the Government on the Observations/Recommendations contained in the Tenth Report of Standing Committee on Defence (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)'.

2. The Tenth Report (18th Lok Sabha) was presented to Lok Sabha and laid in Rajya Sabha on 17th March, 2025. The Report contained 14 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 Tenth 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 Tenth Report (Eighteenth 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)', which was presented to Lok Sabha and laid in Rajya Sabha on 17.03.2025.

2. The 10th Report (18th Lok Sabha) of the Committee contained 14 observations/recommendations on the following aspects:-

Para No.	Subject
Defence Public Sector Undertakings (DPSUs)	
1	Profitability of the DPSUs
2	Indigenization and Self Reliance in Defence Sector
3	Timely delivery of Products, Equipment and Platforms by DPSUs
Directorate of Ordnance (Coordination and Services) – New DPSUs	
4	Budget
5	Budget for Modernization
6	Order Book Position
7	Indigenisation
8	Export
Directorate General of Quality Assurance (DGQA)	
9	Role and Functions
10	Budget
11	Quality Assurance
Directorate General of Aeronautical Quality Assurance (DGAQA)	
12	Role and Functions
13	Budget
National Cadet Corps (NCC)	
14	Budget

3. The complete Action Taken Replies have been received from the Government in respect of all the 14 observations/recommendations contained in the Report on 16th

June, 2025. Replies to all 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 and 14.

(Total - 14)

- (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 – Nil)

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

Para Nos. -Nil-

(Total - Nil)

- (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 Tenth Report of the Committee in the succeeding Paragraphs.

Directorate of Ordnance (Coordination and Services) – New DPSUs

A. Budget for Modernisation:

Recommendation (Para No.5)

6. The Committee had recommended as under:

The Committee appreciate the various measures being taken towards acquisition of high value/heavy duty Plant and Machinery (P&M), alongwith creating/developing infrastructure to keep up with the modern manufacturing technologies while augmenting the manufacturing units under them. With regard to the budget given for modernisation of the new DPSUs, the Committee find that during the financial year 2021-22, 2022-23, 2023-24 and 2024-25, an amount of Rs. 1643 crore, Rs. 1310 crore, Rs. 1310 crore and Rs. 1494 crore were given to these DPSUs respectively. The Committee are of considered view that with regard to the new DPSUs, modernization and undertaking technology upgradation is of primary concern. To this extent, the Committee hope that grant for the modernization budget will be utilized prudently and productively by the new DPSUs. The Committee would also like to be informed of the initiatives taken in this regard.

Reply of the Government

7. Out of the total of Rs. 5757 crores distributed till FY 2024-25, the new DPSUs have incurred cumulative expenditure of Rs. 3832.69 crore till 31.03.2025. Further, in order to ensure efficient utilisation of Capex fund, regular review meetings are held in the Department to review the Capex utilisation and initiatives taken by the new DPSUs to modernise and upgrade the production facilities, with a commitment to focus on cost and quality of the products being manufactured by them. Also, broad guidelines have been issued to all the 7 new DPSUs to plan projects under Capex considering following aspects:

- i. Long term demand of products
- ii. Modernisation of production lines with latest technologies
- iii. Improving the infrastructure inside the factory
- iv. Improving the Quality of products
- v. Research & Development of niche technologies
- vi. Improving infrastructure in Estate

Comments of the Committee

8. **The Committee note that in pursuance of their recommendation for prudent and productive utilization of the remaining grant of the modernization budget by the new DPSUs, regular review meetings have been held in the Department to review CAPEX utilization and also to review the initiatives undertaken by the new DPSUs to modernize and upgrade the production facilities. They are also happy to note that the review meetings focused on the commitment of the new DPSUs towards cost and quality of the products being manufactured by them. The Committee also find that the issue of broad guidelines for all the new DPSUs to plan their projects under CAPEX is, yet another positive development towards utilization of the Budget for modernization. Moreover, the Committee feel that the**

wide range of aspects covered under the guidelines will certainly motivate the new DPSUs not merely to modernize their product and technologies, but will also encourage to broad base their technologies. Appreciating the steps taken by the Department in consonance with their recommendation contained in their report, the Committee wish to be informed of the planned projects undertaken by the 7 new DPSUs while utilizing the remaining grant of the budget towards achieving modernization and technology upgradation.

B. Export

Recommendation (Para No. 8)

9. The Committee are content to note that export value of the items of new DPSUs increased to 1976.51 cr. in 2023-24 from a meagre Rs. 82.18 cr. during the previous year 2022-23. Further, during the year 2021-22 the same value was only Rs. 22.55 crore. The Committee also observe that the DPSUs are taking required steps/measures to reduce the import expenditure through domestic content by the indigenisation efforts being made over various schemes of DDP viz. Make, IDEX and SRIJAN, as well as in house efforts. The Committee are also pleased to note that the expenditure incurred on imports against revenue from operation by new DPSUs has been greatly decreased over the years.

The Committee desire that the newly created DPSUs should identify export focus areas to expand their business. Regarding this, the Ministry have informed that they are proactively pursuing various leads received from the Government and other channels. Further, the new DPSUs export products to the friendly countries based on the export clearance given by the Government. The Committee recommend that new DPSUs should explore all possibilities to achieve improved targets in their future manufacturing activities.

Reply of the Government

10 In order to boost exports and increase global presence, New DPSUs have identified major target countries and exportable products as per the target country's existing and futuristic requirements. The exports sales of the new DPSUs during the FY 2024-25 is Rs. 3545.12 Crore (Provisional) and the cumulative exports order book of the new DPSUs (as on 31.03.2025) is more than Rs 8500 Crore.

Further, the new DPSUs are making efforts in expanding its global footprints by promotion & marketing through direct engagement with potential customers, engaging channel partners, participation in international exhibitions and interaction with foreign OEMs for getting exports order.

Also, the new DPSUs are proactively pursuing various leads received from Government and other channels and are also in close contact with the Indian Defence Attachés posted abroad in Indian Embassies and Missions for assistance in marketing their products.

Comments of the Committee

11. The Committee are happy to note that in order to boost exports and increase global presence, the new DPSUs have identified major target countries and explorable products as per the country's existing and futuristic requirements. The reply of the Government vociferously eulogizes the fact that the new DPSUs are making sincere efforts in expanding their global footprints by series of activities *inter-alia* promotion and marketing through direct engagement with potential customers, engaging channel partners, participating in international exhibitions and interactions with foreign OEMs (Original Equipment Manufacturers) for getting export orders. The Committee also note that the new DPSUs are proactively pursuing various leads received from the Government and other channels and are in close contact with the Indian Defense Attaché posted abroad in Indian Defence embassies and missions for assistance in marketing their products. Appreciating the policy reforms and efforts being made by the new DPSUs for achieving export targets, the Committee, at this stage, would like to be informed of the value of export orders being secured by the new DPSUs.

C. Directorate General of Quality Assurance (DGQA)

Budget

Recommendation (Para Nos. 10)

12. The Committee upon perusal of the data presented to them observe that for BE 2025-26 as against the total budgetary projection of Rs. 1596.09 crore, the allocation made to DGQA stands at Rs. 1435.00 crore for both the Revenue and Capital heads. Similarly, the projection under Revenue head was 1581.09 crore, while the allocation was Rs. 1420 crore. Further, the allocation for the Revenue head has been reduced by a substantive Rs. 161.09 crore. The Committee note that for FY 2024-25, the Revenue budget at BE stage allocation was Rs. 1460.78 crore and at RE stage was brought down to Rs. 1339.59 crores, while the expenditure (till Jan, 2025) stood at Rs. 894.17 crore only. On the Capital head side, the BE for 2024-25 was Rs. 20.00 crore, which at RE stage was revised to Rs. 10.00 crore, of which the Ministry was able to spend only Rs. 5.14 crore (till Jan, 2025).

The Committee are of the view that, the Ministry should judiciously utilise the amount left unspent to ensure optimum performance of DGQA. The Committee with regard to the year 2025-26, while pointing out the decrease in Budget Estimates by Rs 161.09 crores, would like the Ministry to ensure that the decreased allocation does not, in any way effect the smooth functioning of DGQA. Further, the Committee would like the Ministry to consider dealing favourably with the demand at RE stage to ensure DGQA to achieve its stated objectives. The Committee with regard to future budgetary fund management of DGQA would like the Ministry to initiate steps for optimal utilization of funds, maintaining uniformity during the distribution of allocation and expenditure respectively.

Reply of the Government

13. The Committee may be informed that the BE 2025-26 allocations made to DGQA are based on several factors such as past expenditure trend, inter-Services priorities, pending committed liabilities, etc. However, the Committee may be assured that decreased allocation will not affect the smooth functioning of DGQA and if required, this Ministry will seek additional funds at RE/ Supplementary stages.

2. Further, it may be highlighted that the progress of expenditure is reviewed on a regular basis to ensure that the budgetary allocations are optimally utilized. Necessary instructions are also issued from time to time for compliance with financial propriety norms and avoidance of overspending/underutilization of the allocated funds.

Comments of the Committee

14. The Committee in their original report had recommended the Ministry to ensure that decreased allocation does not affect the smooth functioning of DGQA. To this, the Ministry have submitted that the decreased allocation will not affect the smooth functioning of DGQA and if required, additional funds will be sought at RE/Supplementary stages. The Committee hope that Ministry would give adequate weightage to the requirement of funds by DGQA as it is providing rigorous quality assurance for wide range of defence items and equipment and also ensures that defence products meet the specified defence standards. The Committee also note that the Ministry have issued necessary instructions from time to time for compliance with financial propriety norms and avoidance of overspending/underutilization of the allocated funds. Towards this, the Committee desire that apart from regular review of progress of expenditure as submitted by Ministry, a system of regular monitoring of funds utilization at

various stages be introduced/implemented so that situation of underutilization of funds does not arise and any corrective action if required, be taken timely to expedite the utilization. The Committee may be apprised of the steps taken in this regard.

Directorate General of Aeronautical Quality Assurance (DGAQA)

Budget

Recommendation (Para No. 13)

15. The Committee note that the value of stores inspected and accepted during the years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 was Rs 25767 crore, Rs. 24271 crore, Rs 32382 crore, Rs. 35734 crore and 37046 crore, respectively. Further, the expenditure of DGAQA for the years 2019-20 to 2023-24 stood at Rs. 107 crore, 107 crore, Rs. 120 crore, Rs 123 crore and Rs. 130 crore. The Committee also observe that the actual cost of providing inspection and QA coverage was 0.41%, 0.44%, 0.37%, 0.34% and 0.35% from 2019-20 to 2023-24.

The representative of Ministry apprised the Committee that the Budget of DGAQA comes under the DRDO Head i.e., Major Head 2080 and Revenue and Capital Head 4076. The Ministry further stated that out of the total budget allocated to them, the Major Head pertains to pay and allowances. DGAQA have already spent Rs. 107 crores till December 2024, while their total projection for FY 2025-26 stands at Rs. 194.15 crore, out of which Rs. 167.20 crore stands for pay and allowances only. The Committee note that the budget allocated for training component stands at a meagre Rs 0.46 crore, Rs 0.50 crore and Rs 0.29 crore for the FY 2021-22, 2022-23 and 2023-24. The Committee note with some apprehension that this amounts to only 0.50%, 0.53% and 1.30% of the total budgetary allocation. For the FY 2024-25 and FY 2025-26 the amount allocated for training component is Rs 1.40 crore and Rs 1.70 crore, respectively. The Committee would like the Ministry to increase the allocation for the training component, so as to ensure that no compromise is made with regard to the services provided for Quality Assurance coverage and other related aspects of DGAQA's job profile.

The Committee further desire that DGAQA ensure provision of top Quality Assurance during development, production, overhaul and repair of military aircrafts and associated air-borne systems equipment, air armament systems and allied ground support systems. The Committee also recommend the DGAQA to increase its association with DRDO, PSUs and other developing agencies for evaluation, type approval, lifting and other life extension exercises of military airborne items. The Committee desire that DGAQA perform its duties as a top performing regulatory authority for providing Quality Assurance and final inspection point for all the critical aspects of the Armed Forces.

Reply of the Government

16. DGAQA is coordinating with premier training institutes like Engineering Staff College of India (ESCI), HAL Management Academy (HMA), Institute of Secretariat Training Management (ISTM), Air Force Technical College (AFTC), Central Manufacturing Technology Institute (CMTI), National Academy of Defence Production (NADP) etc. in the country for training & professional upgradation of DGAQA officers.

The Ab-Initio Training of Group 'A' Officers newly recruited from Engineering Service Exam (ESE) conducted by UPSC is organized at premier Training Institutes like AFTC Bengaluru, HMA Bengaluru & ISTM New Delhi in the duration of 2024-25.

In the Year 2024-25, DGAQA has spent Rs. 1.32 crores for training & professional upgradation of officers & staff. It is pertinent to bring out that the training at Institute like AFTC & Technical Type Training (TETTRA) school of IAF is without any fees/charges.

The erstwhile DDPMAS revised as IMAP-23(Indian Military Airworthiness bill) has been approved by Hon'ble RM. IMAP Document along with IMTAR(Indian Military Technical Airworthiness Requirement) provides detailed roles and responsibility of various stakeholders in design, Development, production & Maintenance of Military Aviation products viz. DRDO, DPSU, DGAQA & Industry.

Comments of the Committee

17. The Committee are happy to note that the Ministry has coordinated with premier training institutes/agencies for training & professional upgradation of DGAQA officers with regard to the services provided for Quality Assurance coverage and other related aspects of DGAQA. The Committee also note that *ab-initio* training of newly recruited Group 'A' Officers from Engineering Service Exam was organised at premier Training Institute like AFTC Bengaluru, HMA Bengaluru and ISTM New Delhi in the duration of 2024-25. The Committee appreciate the steps taken by the Ministry for training & professional upgradation and desire that such association/tie up would continue in future also to ensure skill/professional upgradation of DGAQA Officers. In their earlier Report, the Committee had recommended for a judicious enhancement in the allocation for the training component of DGAQA ensuring that there is no compromise with

regard to service provided for Quality Assurance coverage and other related aspects of DGAQA mandate. On this, the Ministry have submitted that in the year 2024-25, DGAQA has spent Rs.1.32 crores for training and professional upgradation of officers and staff. The Committee wish to reiterate that the Ministry should allocate adequate funds for training aspect keeping in view the quality assurance coverage of required standards provided by DGAQA. The Committee also reiterate that concrete and decisive measures and proper planning by DGAQA may be undertaken to ensure that no compromise is made with regard to development, production, overhaul and repair of military aircrafts and associated air-borne systems equipment, air armament systems and allied ground support systems.

National Cadet Corps (NCC)

Budget

Recommendation (Para No. 14)

18 The Committee note that as per the information and data provided by the Ministry pertaining to NCC for the last five years, it is observed that allocation including both Revenue and Capital for the years 2021-22, 2022-23, 2023-24 and 2024-25 stood at Rs. 1095.27 crore, Rs. 1206.80 crore, Rs. 1449.23 crore and Rs. 2822.81 crore. Further, the Expenditure during the same period stood at Rs. 1119.07 crore, Rs. 1140.91 crore, Rs. 1359.90 crore and Rs. 1767.61 crore, respectively. The Committee observe that the expenditure for all the above-mentioned years have been consistently on the lower side, when compared with the allocation side. For the year 2022-23 and 2023-24 the shortfall in expenditure vis-a-vis the allocation stood at Rs. 65.89 crore and Rs. 94.33 crore. Further, the gap between expenditure and allocated amount for the year 2024-25 (till 30th November 2024) stood at Rs. 1055.1 crore. The Committee in this regard are constrained to note that the remaining unspent amount could have been gainfully utilised for NCC.

The Committee therefore, from a strictly budgetary point of view, would like the Ministry to keep its focus on proper financial planning and management in future especially with the amount of Rs. 2946.00 crore allocated for the year 2025-26. The Committee are of the view that an increased funding would lead to greater spending for various constructive activities and smooth functioning of NCC, while also achieving its objectives. The Committee are given to understand that the role and responsibilities of NCC are varied and the organisation essentially acts as a base for national integration. Consequently, the Committee recommend that allocations be increased incrementally

over the period for this, so that required training and camp activities of NCC are not adversely affected.

Reply of the Government

19. The Committee may be apprised that the expenditure made by NCC by 31st March, 2025 (March Supplementary-I) stands at Rs. 2,617.00 Crore against the MA allocation of Rs. 2,739.71 Crore.

Further, Ministry of Defence takes the recommendation of the Committee into consideration and assures the committee that, if need be, this Ministry will seek and further allocate additional funds, based on the requirement of NCC, in future so that training and camp activities of NCC are not adversely affected.

Comments of the Committee

20. 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 so that training, camp and other activities of NCC are not adversely affected. However, the Committee would like to reiterate that Revenue and Capital Head assets need to be given due weightage by the Ministry and efforts may be made for allocation of enhanced funds under this Head. The Committee, therefore, urge upon the Ministry to undertake a realistic review of its Capital budget requirements so that required training and camp activities of NCC are not adversely affected and young people are motivated to join armed forces by providing a positive and supportive environment.

CHAPTER -II

Observations/Recommendations which have been accepted by the Government:

Profitability of the DPSUs

Recommendation No. 1

The Committee note that as per the information provided regarding profitability of the old 9 Defence Public Sector Undertakings (DPSUs), they observe that Hindustan Aeronautics Limited (HAL) has registered the highest profitability (Profit after Tax) in all the year since 2019-20 to 2023-24. The Committee are pleased to note that Hindustan Aeronautics Limited (HAL) is the only DPSU which has been conferred the status of Maharatna Central Public Sector Enterprise (CPSE) on October 12, 2024 which further cements its position as a top performing DPSU. On further examination of the data regarding profitability of 9 DPSUs for the period 2019-20 to 2023-24, the Committee note that profitability of Mishra Dhatu Nigam Limited (MIDHANI) for Financial Year 2023-24 has been the lowest among the old DPSUs. The representative of the Ministry submitted that since MIDHANI deals with the manufacturing of super alloys, which is dependent on imported raw materials, the same for unavoidable reasons is beyond their control. Further, the profitability of MIDHANI for the said Financial Year has declined because of the fluctuations in price of these raw materials and other related aspects. The representative of the Ministry has assured the Committee that the loss in profitability will be recovered during the coming years by MIDHANI. In this regard, the Committee would like to urge the Ministry alongwith the affected DPSUs to introduce a mechanism so as to protect the DPSUs from such inevitable fluctuations. The Committee recommend that urgent and concerted efforts be made by the Department of Defence Production (DDP) and MIDHANI alongwith other DPSUs to ensure that profitability of MIDHANI does not lag behind in comparison with their counterpart PSUs. The Committee desire that Ministry inform them regarding the profitability of MIDHANI in 2025-26 at the stage of furnishing Action Taken Replies on this Report.

Reply of the Government

Some steps taken to improve profitability of MIDHANI are as under: -

1. **More consumption of Plant Reverts.** Various steps taken to consume plant reverts are: -

(a) Plant reverts, which are scrap materials from production are cleaned to remove contaminants before they can be remelted.

(b) Regular collection of plant reverts from various production units inside MIDHANI at designated place.

(c) Plant reverts are classified and stored according to their alloy composition.

(d) In house R&D department has made a SOP for effective utilisation and recovery of expensive elements like Nickel, cobalt, Molybdenum, Chromium etc. by recycling process.

(e) Modification in melting process modified to extract materials efficiently.

(f) Due to more consumption of scrap or plant reverts reduction of costly raw materials is expected.

(g) During the year 2023-24, due to improved raw materials and revert ratio company has saved Rs.19 Crores.

2. **Improvement in Process**

(a) New VIM facility which has helped production of quality products and increased better yield.

(b) Installation of state of art wire drawing machines for better quality and efficiency.

3. Reduction in the Raw Materials Consumption

- (a) Developed plans to manufacture superalloys and steels that require fewer raw materials less expensive materials.
- (b) Chemical composition is optimized for these materials in order to reduce the need for consumption of high-cost or rare raw materials like nickel or cobalt.
- (c) High-quality scrap reused, saving both material and cost.
- (d) Established closed-loop system wherein discarded or obsolete parts are reused. Particularly useful for superalloys and titanium.
- (e) Resulted in lesser raw materials during the FY 24-25, Rs. 422 crs (Provisional) compared to Rs. 523.47 crs in FY 23-24.

4. Focus on Indigenization of Specific Raw Materials

- (a) Various vendors identified to develop raw materials which were being imported, such as Aluminium and Vanadium master alloy (used in making titanium alloys).
- (b) Certification for change in raw materials source taken up with airworthiness agencies for continuous supplies within India and reducing dependency on imports.

5. Priority Manufacture of High Margin Products. Priority to supply core and high margin products like Titanium Alloy, Maraging Steel & Super Alloy. Titanium sale has gone up from 9 % to 13% and special steel sale increased from 27% to 37%.

6. Outsourcing of Identified Activities for Cost Competitiveness

- (a) Outsourced non-core manufacturing activities thereby reducing operational cost.
- (b) MIDHANI explored external facilities (including DPSUs) with specialized machinery and advanced technology that resulted in better yield.

7. Profitability Data with reference to MIDHANI.

(a) Profitability of Quarter Ending Dec is as given below:

<u>Particulars</u>	<u>2024-25</u>	<u>2023-24</u>
Profit Before Tax (PBT)	Rs. 78.88 Cr	Rs. 66.29 Cr
Profit After Tax (PAT)	Rs. 53.92 Cr	Rs. 44.88 Cr

(b) Financial information till closing of financial year will be available after approval of the same in the Board Meeting.

Indigenization and Self Reliance in Defence Sector

Recommendation No. 2

The Committee learn that several policy initiatives are being taken for indigenization of Defence production by the DPSUs. These include the launching of SRIJAN portal in August 2020 that provides access of various items that have been imported in the past or are likely to be imported in future into manufacturing industry for indigenisation. Further, the Committee note that, more than 38,500 imported items have been uploaded on SRIJAN portal by DPSUs for indigenization, out of which more than 13,000 items have been indigenized so far. The Committee are also given to understand that DPSUs are participating in Innovation in Defence excellence (iDEX) initiative which was launched in 2018 to foster innovation and technology development in defence and aerospace by engaging industries including MSMEs, Start-ups, individual innovators, R&D institutes and academia etc.

The Committee note that the country's journey on the path of self-reliance under 'Atmanirbhar Bharat' in Defence Sector is showing positive results. This is substantiated from the fact that the total value of Defence production in the country increased to Rs

1,26,887 Cr in FY 2023-24, which was Rs 46,429 Cr in FY 2014-15. Further, it has also elevated India as a significant Defence Exporter. To this extent, the Committee note that India's Defence export achieved a new height at Rs 21,083 Cr in FY 2023- 24 which was meagre Rs 1940 Cr in FY 2014-15.

The Committee feel that such a step could significantly enhance production capacity alongwith improving exports of DPSUs and enable DSPUs to compete in the global market while providing further impetus to the ongoing import substitution efforts through the process of Atmanirbhar Bharat in Defence and Aerospace sector. Consequently, the Committee feel that modernization will help DPSUs to position themselves to cater to the needs of both existing and new customers in domestic and global markets and even help them venture into new strategic and business areas.

The Committee are of the view that, the DPSUs are the pillars of our defence production and therefore, the Committee recommend that concerted and timely measures be taken by the Ministry and the DPSUs to further develop their core competencies to ensure that our country achieves total self-reliance in defence production. Further, with regard to the issue of modernization, the Committee hope that the Government will take all appropriate steps to cater to the emerging needs and challenges of the time.

Reply of the Government

DPSUs are encouraged to take necessary steps for reducing import dependence & indigenise the items being regularly imported. Towards the same objective, a total of 10 Positive Indigenisation Lists (PIL), 5 PIL of DPSUs (5012) and 5 PIL (509 items) of Services have been promulgated comprising of a total of 5521 items which will only be procured from domestic industry. Out of the total 5012 items of DPSUs PIL, 3053 items have already been indigenised so far and no import with regards to the same will be carried out, hence reducing the import content of DPSUs.

2. Pursuant to 'Atmanirbhar Bharat' announcement, the Department of Defence Production (DDP) under Ministry of Defence has developed a portal named 'SRIJAN' (srijandefence.gov.in), as "Opportunities for Make in India in Defence" in Aug 2020. SRIJAN portal is a Common Indigenization Portal for all Defence Public Sector Undertakings (DPSUs) including OF Units and the Armed Forces (SHQs). It gives

access to the Indian Manufacturing Industry of the items which have been imported in the past or are likely to be imported in the future by DPSUs/SHQs. The portal is a non-transactional online market place platform. As on 31.03.2025 more than 39,000 items are available for Public View on SRIJAN portal and out of which more than 14,000 items have already been indigenised.

3. The Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment, thereby promoting self-reliance in defence manufacturing & technology in the country. Priority for procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020, Launch of Make Projects for development of defence platforms/systems through Indian Industries, Launch of Innovations for Defence Excellence (iDEX) scheme, Simplification of Industrial licensing process with longer validity period, Implementation of Public Procurement (Preference to Make in India) Order 2017, Opening up of Defence Research & Development (R&D) for industry, startups and academia, Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc. Ministry also 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.

Timely delivery of Products, Equipment and Platforms by DPSUs

Recommendation No.3

The Committee observe that there have been some obstacles with regard to issues like time overruns on the part of some DPSUs while ensuring the delivery schedule of certain products for the Armed Forces. The Committee, considering the Ministry's written submission and oral deposition of the representatives of the Ministry in this regard, note that the primary reason for the delay in most cases is the country's dependence on imported items, alongwith multiple stake holders (including foreign OEMS). In this context, the Committee are of the view that the DPSUs initiate measures towards intensifying their efforts to ensure timely supply of various equipment/platforms/weapon systems/ accessories so that the Armed Forces are equipped with latest equipment including the required platforms to encounter any unforeseen situation at any point of time. To this extent, the Committee recommend the

Ministry to incrementally develop their own production capabilities with regard to availability of such OEMs, so that the dependence on foreign suppliers is eventually reduced to a strategically acceptable levels.

The Committee further note that the delays on many instances caused due to focus on indigenization and preserving our own strategic autonomy. The Committee are of the considered view that for achieving total self-reliance for inventing, developing and producing state of the art defence technology, R&D activities alongwith the required funding, the DPSUs should be further strengthened in terms of essential requirements and emerging budgetary, infrastructural and human resource support.

Reply of the Government

The Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment, thereby promoting self-reliance in defence manufacturing & technology in the country. These initiatives, inter-alia include, Buy (Indian- IDDM) has been accorded top priority for procurement of capital equipment; Simplification of Industrial licensing process with longer validity period; Liberalization of Foreign Direct Investment(FDI) policy allowing 74% FDI under automatic route; Simplification of Make Procedure; Launch of Mission DefSpace; Launch of Innovations for Defence Excellence (iDEX) scheme involving startups & Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers; Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Opening up of Defence Research & Development (R&D) for industry, startups and academia; and Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

2. All the DPSUs are making consistent efforts for indigenisation through R&D activity, emerging budgetary, infrastructural & human resource support. Certain efforts to highlight the same are as under: -

(a) HAL has established a non-lapsable dedicated indigenisation fund i.e. 3% of operation profit after tax. 15% of Operating profit after tax is allocated to non-lapsable R&D corpus. Augmentation with reference to LCA manufacturing is being carried out & Su-30 MKI overhaul and helicopter manufacturing have been augmented. Over 26800 imported items have been uploaded on SRIJAN portal for Indigenisation from domestic sources.

(b) BEML has identified 1888 parts /sub-assemblies for indigenisation out of which 668 items have been indigenised. To reduce import content BEML has initiated Product Indigenisation through License Agreement, Joint Venture & Transfer of Technology with foreign OEMs.

(c) Capex of Rs 800 Cr is planned towards modernisation & Information development in FY 2025-26. BEL invests 6-7% of the total revenue towards R&D every year and has set up incubation centres for AI with Indian Navy & Indian Army.

(d) AVNL has identified 79 Line Replaceable Units (LRUs) (44 in PIL & 35 Non PIL) for indigenisation, out of which total 61 LRUs have been indigenised till date. AVNL also plans to bring down import dependencies close to Nil by Dec 25 & plans to augment its production, MROs/ overhaul facilities.

(e) BDL is designing and developing products through in-house R&D & is co-development partner in projects/products designed by DRDO.

(f) HSL has uploaded 73 items on SRIJAN Portal and has indigenised 50 items so far. HSL have achieved 80% Indigenous content for OSS, Diver Support Vessel and over 70% IC for floating dock.

(g) AWEIL, IOL & GRSE have obtained 94%, 91.5% & 85% indigenous content respectively in their value of production.

(h) GIL, TCL & YIL are a 100 % indigenised DPSUs.

Directorate of Ordnance (Coordination and Services) – New DPSUs

Budget

Recommendation No. 4

The Committee note that the Ordnance Factory Board (OFB) was a subordinate office of the Department of Defence Production which controlled and directed 41 Ordnance Factories. The Government approved to convert the production units of OFB into 7 DPSUs with 41 units, namely Ammunition & Explosive, Vehicles, Weapons Equipment, Troop Comfort Items, Ancillary, Opto-Electronics and Parachute. The Head Quarters of new corporate entities have been selected based on the location and concentration of OFs, revenue and criticality of Products. Since the corporatization of OFB, the Directorate of Ordnance (Coordination & Services) has been constituted under Department of Defence Production, Ministry of Defence from 1st October, 2021.

The Committee note that with regard to Department of Ordnance (Coordination and Services), the BE projection for 2024-25 stood at Rs. 1953.75 crore, while the BE allocation was Rs. 1949.46 crore. The RE projection for 2024-25 was Rs. 2136.35 crore, while the RE allocation was lowered to Rs. 2107.35 crore, which led to an expenditure of Rs. 1819.41 crore (till Dec. 2021). Meanwhile, a BE projection of Rs. 1979.25 crore has been made for the year 2025-26 for which the BE allocation was made to the tune of Rs 1976 crore. The Committee appreciate the efforts of Government for allocating a CAPEX fund of Rs. 8745 crore to the newly created DPSUs for FY 2021-22 to 2026-27. Consequently, the fund distributed upto FY 2024-25 is Rs. 5757 crore for modernization and R&D. The Committee also note with satisfaction that existing funds are being distributed based on modernization plan of newly created DPSUs.

The Committee hope that with more functional and financial autonomy, the new DPSUs would be able to explore new markets both in national and international settings. Further, the Committee would like the Ministry to keep providing financial and non-financial support to the new DPSUs to enable them to be productive, profitable and competitive wherever required. The Committee, therefore, at this stage recommend that the amount allocated be prudently utilized towards ensuring smooth modernization of the newly created DPSUs.

Reply of the Government

Post-corporatization of OFB, a total of Rs. 8745 crores have been approved by Empowered Group of Ministers (EGoM) as Capital Outlay to the new DPSUs for modernisation, till FY 2026-27. Out of this, a total of Rs 7251 crores has been distributed up to FY 2025-26 and the balance amount of Rs. 1494 crores will be disbursed in FY 2026-27. The details of the outlay provided to the new DPSUs for CAPEX, are as under:

(Rs in Crore)

S. No.	PSU	C APEX approved from FY 2021-22 to 2026- 27	Distributed					Total	Balance Fund for distribution
			F Y 2021- 22	F Y 2022- 23	F Y 2023- 24	F Y 2024- 25	F Y 2025- 26		
1	MIL	4090	696.55	77	80	745.45	45.5	3344.5	745.5
2	AVNL	1402	310.14	82	90	173.86	73	1229	173
3	AWEIL	1786	347.74	26	25	329.26	29	1457	329
4	YIL	1340	252.85	03	00	228.15	28	1112	228
5	IOL	56	24.82			5.18		50	6
6	TCL	51	7.04	7	7	9.96	10	41	10
7	GIL	20	3.86	7	2	2.14	2.5	17.5	2.5
8	Total	8745	1643	1310	1310	1494	1494	7251	1494

Budgetary Allocation	--	1643 (RE 21-22)	1310 (RE- 22-23)	1310 (RE 23-24)	1494 (BE/RE 24-25)	1494 (BE 25-26)	---	---
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Further, the details of BE, RE and the expenditure booking of the Directorate of Ordnance (Coordination & Services) for FY 2024-25 are as under:

(Rs in Crore)

Head	BE (Projection)	BE (Allocation)	RE (Allocation)	Expenditure till 31.03.2025
Revenue	Rs 461.75	Rs 450.25	Rs 469.35	Rs. 415.07
Capital	Rs 1499.00	Rs 1499.00	Rs 1637.00	Rs 1628.41
Total	Rs. 1960.75	Rs 1949.25	Rs 2106.35	Rs 2043.48

Budget for Modernisation

Recommendation No.5

The Committee appreciate the various measures being taken towards acquisition of high value/heavy duty Plant and Machinery (P&M), alongwith creating/developing infrastructure to keep up with the modern manufacturing technologies while augmenting the manufacturing units under them. With regard to the budget given for modernisation of the new DPSUs, the Committee find that during the financial year 2021-22, 2022-23, 2023-24 and 2024-25, an amount of Rs. 1643 crore, Rs. 1310 crore, Rs. 1310 crore and Rs. 1494 crore were given to these DPSUs respectively. The Committee are of considered view that with regard to the new DPSUs, modernization and undertaking technology upgradation is of primary concern. To this extent, the Committee hope that grant for the modernization budget will be utilized prudently and productively by the new DPSUs. The Committee would also like to be informed of the initiatives taken in this regard.

Reply of the Government

Out of the total of Rs. 5757 crores distributed till FY 2024-25, the new DPSUs have incurred cumulative expenditure of Rs. 3832.69 crore till 31.03.2025. Further, in order to ensure efficient utilisation of Capex fund, regular review meetings are held in the Department to review the Capex utilisation and initiatives taken by the new DPSUs to modernise and upgrade the production facilities, with a commitment to focus on cost and quality of the products being manufactured by them. Also, broad guidelines have been issued to all the 7 new DPSUs to plan projects under Capex considering following aspects:

- i. Long term demand of products
- ii. Modernisation of production lines with latest technologies
- iii. Improving the infrastructure inside the factory
- iv. Improving the Quality of products
- v. Research & Development of niche technologies
- vi. Improving infrastructure in Estate

Order Book Position

Recommendation No. 06:

As per the information furnished by the Ministry of Defence on the Order Book position for the newly created DPSUs as on 31st December, 2024, the Committee observe that there exists substantial variation of Order Book position amongst different PSUs, wherein the order book of Armoured Vehicle Nigam Limited (AVNL) is at Rs. 33956 crore, vis-à-vis Gliders India Limited (GIL), which stands at Rs. 293 crore only. The Committee understand that this variation is due to the nature of products they produce/provide/supply. The Ministry has further stated that with more functional and financial autonomy, the new DPSUs are exploring newer markets both at national and international levels. Further, the Ministry is also providing financial and non-financial support to the new DPSUs to make them productive and profitable. The Committee, therefore, are of the view that the order book positions of the new DPSUs would certainly improve in future. The Committee have been informed that the new DPSUs are

also exploring new areas of operations thereby fulfilling the requirements of Indian Defence Forces, especially the Army. The Committee would also like the MoD to explore the possibilities for promoting these DPSUs in new areas so that they are able to accomplish their full potential, while also providing ammunition and logistical support to the Armed Forces.

Reply of the Government

The Order Book position (as on 01.04.2025) available with the newly created DPSUs is as under:

(Rs in Crore)

S.N.	DPSU	Order Book (As on 01.04.2025)
1	MIL	28939
2	YIL	3153
3	AWEIL	8236
4	AVNL	35553
5	IOL	7017.12
6	TCL	1089
7	GIL	211
Total		83109

With more functional and financial autonomy, these new DPSUs are exploring newer markets both in the country as well as abroad. Further, Ministry is providing financial and non-financial support to the new DPSUs to make them productive and profitable.

Furthermore, the new DPSUs are also making efforts in development of latest state of the art Armoured Fighting Vehicles, Artillery Guns and Ammunition as per requirements floated through various RFPs.

Indigenisation

Recommendation No. 07:

The Committee are satisfied to note that the Government has taken several policy initiatives to reform and encourage indigenous design, development and manufacturing of defence equipment to promote self-reliance in defence manufacturing. To this extent, the Committee feel that the Ordnance Factories under newly created DPSUs have the capability to develop indigenous technological and industrial expertise for supply of armament, ammunition and equipment. A number of components, subassemblies & LRUs (Mechanical and Electro-Optical subsystems) of Tanks, Weapons and Ammunition have been indigenised by the new DPSUs with the assistance of domestic industry, both public and private. In addition to this, variety of parachutes and troop comfort items have also been developed and supplied to the Services. The Committee have been given a comprehensive list of 28 items which have been indigenized through our own industrial capabilities. The Committee feel that this achievement is a big step towards 'Atmanirbhar Bharat' and urge the Ministry to ensure this steady pace of progress in the future.

Reply of the Government

Ministry of Defence as a whole is committed to Atmanirbharta in Defence. In this pursuit, procedures have been streamlined, to reduce procurement cycle, reduction in costs etc., for procurement of technologies developed by Indian Start-ups and MSMEs through schemes like iDEX & Technology Development Fund (TDF) etc.

Till 31.03.2025, out of the 762 items to be indigenised by new DPSUs under five Positive Indigenisation Lists (PILs) notified by DDP, the new DPSUs have indigenised 515 items. In addition to this, new DPSUs have also indigenised 136 items out of 299 non-PIL items.

Export

Recommendation No. 08

The Committee are content to note that export value of the items of new DPSUs increased to 1976.51 cr. in 2023-24 from a meagre Rs. 82.18 cr. during the previous year 2022-23. Further, during the year 2021-22 the same value was only Rs. 22.55 crore. The Committee also observe that the DPSUs are taking required steps/measures to reduce the import expenditure through domestic content by the indigenisation efforts being made over various schemes of DDP viz. Make, iDEX and SRIJAN, as well as in house efforts. The Committee are also pleased to note that the expenditure incurred on imports against revenue from operation by new DPSUs has been greatly decreased over the years.

The Committee desire that the newly created DPSUs should identify export focus areas to expand their business. Regarding this, the Ministry have informed that they are proactively pursuing various leads received from the Government and other channels. Further, the new DPSUs export products to the friendly countries based on the export clearance given by the Government. The Committee recommend that new DPSUs should explore all possibilities to achieve improved targets in their future manufacturing activities.

Reply of the Government

In order to boost exports and increase global presence, New DPSUs have identified major target countries and exportable products as per the target country's existing and futuristic requirements. The exports sales of the new DPSUs during the FY 2024-25 is Rs. 3545.12 Crore (Provisional) and the cumulative exports order book of the new DPSUs (as on 31.03.2025) is more than Rs 8500 Crore.

Further, the new DPSUs are making efforts in expanding its global footprints by promotion & marketing through direct engagement with potential customers, engaging channel partners, participation in international exhibitions and interaction with foreign OEMs for getting exports order.

Also, the new DPSUs are proactively pursuing various leads received from Government and other channels and are also in close contact with the Indian Defence Attachés posted abroad in Indian Embassies and Missions for assistance in marketing their products.

Directorate General of Quality Assurance (DGQA)

Role and Functions

Recommendation No. 09:

The Committee note that the role assigned to DGQA is to ensure that the entire range of armaments, stores alongwith the equipment used by the Army and those stores of the Navy and Air Force for which DGQA is responsible, are of the highest quality to enhance the combat readiness and efficiency of the Armed Forces. The Committee further note that the functions of DGQA is varied in nature comprising quality assurance of defence stores and Final Acceptance Inspection (FAI) of finished stores as per Quality Assurance Plan (QAP). DGQA also ensures Acceptance Test Procedure (ATP), responsibility as second party Quality Assurance (QA) Agency on behalf of its users, participation at all stages of capital and revenue procurement process and association in Field Evaluation Trials.

The DGQA is also responsible for Pre-Dispatch Inspection (PDI) and Joint Receipt Inspection (JRI) of imported stores alongwith collecting, collating, developing, amending, updating, holding and supplying sealed particulars and tech specs and publications. They also issue their approvals/ assignment lists of defence stores while conducting investigation of defects and accidents and advise regarding remedial measures. Appreciating the mandated role given to the DGQA, the Committee recommend that DGQA should be more pro-active in assessing the quality of the products in consonance with global standards to remain competitive and contemporary.

Reply of the Government

The Hon'ble Committee is assured that DGQA ensures the quality of the products based on Standards and Specifications which are aligned to global standards. Further standardization of these particulars are ensured by publication of relevant Joint Services Guides (JSG) / Joint Service Specifications (JSS). During the FY 2024-25, 81 JSSs/JSGs have been published and as on date 21 New JSSs/JSGs and 88 revised JSSs/JSGs are under publication.

Budget

Recommendation No. 10

The Committee upon perusal of the data presented to them observe that for BE 2025-26 as against the total budgetary projection of Rs. 1596.09 crore, the allocation made to DGQA stands at Rs. 1435.00 crore for both the Revenue and Capital heads. Similarly, the projection under Revenue head was 1581.09 crore, while the allocation was Rs. 1420 crore. Further, the allocation for the Revenue head has been reduced by a substantive Rs. 161.09 crore. The Committee note that for FY 2024-25, the Revenue budget at BE stage allocation was Rs. 1460.78 crore and at RE stage was brought down to Rs. 1339.59 crores, while the expenditure (till Jan, 2025) stood at Rs. 894.17 crore only. On the Capital head side, the BE for 2024-25 was Rs. 20.00 crore, which at RE stage was revised to Rs. 10.00 crore, of which the Ministry was able to spend only Rs. 5.14 crore (till Jan, 2025).

The Committee are of the view that, the Ministry should judiciously utilise the amount left unspent to ensure optimum performance of DGQA. The Committee with regard to the year 2025-26, while pointing out the decrease in Budget Estimates by Rs 161.09 crores, would like the Ministry to ensure that the decreased allocation does not, in any way effect the smooth functioning of DGQA. Further, the Committee would like the Ministry to consider dealing favourably with the demand at RE stage to ensure DGQA to achieve its stated objectives. The Committee with regard to future budgetary fund management of DGQA would like the Ministry to initiate steps for optimal utilization of funds, maintaining uniformity during the distribution of allocation and expenditure respectively.

Reply of the Government

The Committee may be informed that the BE 2025-26 allocations made to DGQA are based on several factors such as past expenditure trend, inter-Services priorities, pending committed liabilities, etc. However, the Committee may be assured that decreased allocation will not affect the smooth functioning of DGQA and if required, this Ministry will seek additional funds at RE/ Supplementary stages.

2. Further, it may be highlighted that the progress of expenditure is reviewed on a regular basis to ensure that the budgetary allocations are optimally utilized.

Necessary instructions are also issued from time to time for compliance with financial propriety norms and avoidance of overspending/underutilization of the allocated funds.

Quality Assurance

Recommendation No. 11

The Committee note that the Quality Assurance cover alongwith the value of stores accepted for the year 2024-25 (till Dec. 2024) stands at Rs. 21593.57 crore, which for the previous year (i.e. 2023-24) stood at a substantial Rs. 26937.59 crore. The same for the year 2021-22 and 2022- 23 stood at Rs. 24924.23 crore and Rs. 23559.78 crore, respectively. The trend over the year seems to be generally stable, other than year 2023-24 which saw an increase of Rs. 3377.81 crore over the previous years (i.e. 2022-23). The Committee hope that numbers for the year 2024-25 to increase till the closing of Financial Year for better results. The Committee are content to note that under the aegis of MoD Schemes through creation of various green channels and self-certification, third party inspection and defence testing infrastructure scheme, the overall ecosystem with regard to the ease of doing business is improving. The Committee while appreciating the steps initialized by DGQA towards ensuring ease of doing business, would like the Ministry to develop a comprehensive user feedback mechanism, which would facilitate reduction in quality assurance methodology and timelines, alongwith enabling progress and improvement through critical analysis with regard to quality of the product and the process.

The Committee desire that DGQA should also ensure proper/required reforms through upgradation of proof and testing facilities, in creating industry outreach, non-repetitions of tests and evaluation processes alongwith timely adoption of Industry 4.0/QA 4.0 by DPSUs and DGQA itself. The Committee also recommend that timely completion of restructuring /reorganisation of DGQA towards ensuring required support to industries alongside efficient allocation of various proofs and testing facilities, respectively, may be accomplished at the earliest.

Reply of the Government

(a) **Value of Stores Accepted.** The value of stores accepted as on date of presentation of Demand of Grants to the Hon'ble Committee was Rs 21593.57 Cr and

as observed by the Hon'ble Committee, the value of stores for FY 2024-25 has since increased to a substantial figure of Rs 34410.63 Crores.

(b) **Reduction in Quality Assurance Methodology and Timelines.** The measures suggested by the Hon'ble Committee, with regard to improvement in quality of the products and processes, have been noted for compliance. User feedback mechanism is already in place at HQ and Estt. level, to address concerns of the stakeholders. Suitable measures for reduction/ optimization of timelines for carrying out Quality Assurance activities have already been implemented. Some of the key reforms to facilitate reduced QA timelines are as under: -

(i) **Suppliers Declaration of Conformity (SDoC).** Directions to accept SDoC, a certificate of declaration of product conformity to laid-down specifications/ standards, from the suppliers or their authorized representatives, have been issued to QA agencies, thus reducing the timelines, significantly.

(ii) **Concurrent Evaluation of Equipment Under Trials (EUTs).** Undertaking all possible tests & trials, concurrently with the Manufacturer/Supplier, by DGQA has been implemented, which has helped in further reducing the QA timelines.

(iii) **Non-repetitions of Tests at Evaluation Stage.** Non-repetition of tests/evaluation is being ensured, if the same has already been undertaken at the Design/Development stage.

(iv) **Involvement of DGQA in QA of products of New DPSUs based on Categorization.** The role & involvement of DGQA has been re-defined for products manufactured by new DPSUs (erstwhile Ordnance Factories (OFs)), post corporatization of OFs. For most of the products, DGQA role has been restricted to Final Acceptance Inspection (FAI) and only in very few cases where production processes have not matured, DGQA renders QA support, prior to the FAI stage.

(v) **Green Channel Status Policy.** Manufacturers with proven quality & financial credentials are granted Green Channel status, where the responsibility of sentencing the product/lot fit or otherwise is delegated to the Manufacturer. So far, 31 firms for 123 equipments comprising 38,216 items/ spares have been granted the GCC status.

(vi) **Self Certification Scheme.** Responsibility of certifying the quality of products has been delegated to the manufacturer after ensuring their capability to consistently produce defect free products. Presently 21 firms for 58 equipments comprising 11,643 spares have been granted the SCS status.

(c) **Upgradation of Proof & Test Facilities.**

(i) **Gap Analysis.** A comprehensive Gap Analysis Study of Proof & Testing infrastructure available in the Country has been carried out, wherein recommendations for modernization and expansion of proof and testing facilities have been made. The study report is under deliberation at MoD/DDP.

(ii) **Defence Testing Portal.** A Defence Testing Portal has been established to provide a centralized, real-time web based platform for transparent allocation and management of labs and Proof Testing Facility within the Country. The Portal was launched by Hon'ble RM during Aero India 2025. The Portal presently has a total of 157 Service Providers, 251 Service Users from QA Agencies, DRDO, DPSUs/PSUs & Services. A total of 696 Lab demands and 14 Proof demands have so far been requisitioned through the portal.

(d) **Adoption of Industry 4.0 /QA 4.0 by DPSUs & DGQA.**

On the directions of Secretary (DP) regarding implementation of Industry 4.0 & QA 4.0 for all defence stores and their processes at select DPSUs within a year, a three phase implementation has been planned with target as Sept 2025. A total of 511 products across all DPSUs are being steered for adoption of Industry 4.0 which shall automate nearly 2923 processes at production stage. Similarly, for QA 4.0, a total of 217 products with 3029 processes are being steered for automation at the Quality Assurance stages. A blueprint document on the subject for DPSUs has been released by Hon'ble RM during National Quality Conclave held on 08 May 2025.

(e) **Restructuring/Reorganization of DGQA.**

Consequent to Government Sanction issued vide MoD letter dated 15 Mar 2024 for Re-Organization of DGQA, the Revised Structure has 53 Establishments and Case for Government Sanction for Rationalization of Overall grade-wise Manpower of DGQA is under progress. Efficient allocation of various Proof and Testing Facilities are ensured

through the Defence Testing Portal (DTP), which was launched by Hon'ble Raksha Mantri on 10th Feb 2025 during Aero India 2025, held at Bengaluru. The details pertaining to DTP are already mentioned under feedback on "Upgradation of Proof and Testing Facilities", given above.

Directorate General of Aeronautical Quality Assurance(DGAQA)

Role and Functions

Recommendation No.12

The Committee note that the Directorate General of Aeronautical Quality Assurance (DGAQA) is an organisation under Department of Defence Production where it performs the duties of a regulatory authority for Quality Assurance (QA). The primary role of DGAQA is to provide QA coverage during various phases of the production/services viz design and development, production, up-gradation etc while assuring that the same meet the customer's expectations. Further, they are also involved in standardization activities. The other services provided are capacity assessment and registration of firms, defect investigations and technical consultancy to the users, Ministry of Defence. The establishments under DGAQA are spread all over the country with majorly in DPSUs, Ordnance Factories, DRDO Labs and Private Firms. Appreciating the role and functions of DGAQA, the Committee desire that DGAQA should come out with a pragmatic approach while performing the duties of a regulatory authority for Quality Assurance, during various phases of production such as design and development, production and upgradation so that they not only meet customer's expectations, but also meet the air worthiness standards.

Reply of the Government

With the opening of defence production in the field of military aviation in the private sector in India, DGAQA has carried out number of reforms for Quality assurance in Military Aviation as follows:

1. **Revision of DDPMAS as IMAP-23: DDPMAS (Design, Development and Production of Military Air System & Airborne Stores)** has been revised to bring it in line with the best global practices, after incorporating the suggestions

from all stakeholders The revised document has been approved by Hon'ble RM as Indian Military Airworthiness Procedures (IMAP)-2023. This version will provide next level of reform in r/o Airworthiness Certification & Quality Assurance (QA). Both Users and Producers shall be benefited with this issue.

2. **Revision of AFQMS document:-** The policy document AFQMS (Approval of Firms and its Quality Management System) is revised to DGAQA-AFQMS Issue– III which introduces conceptual, structural and procedural reforms to align with Indian Military Airworthiness Procedure (IMAP)-23 and latest international standards on QMS requirements. This document will guide the stakeholders & Industry partners towards the quality assurance requirements for military aviation stores and adopt best Global practices with ultimate objective of achieving self-certification by the industry.
3. **AFQMS approval of private firms:-** AFQMS (Approval of firms and its Quality Management System) approval was earlier applicable for DPSUs only. However, for achieving self-reliance and indigenization endeavours of Govt. of India by ensuring quality-focused industrial practices and processes required for aerospace & defence sector, AFQMS Certification is now made applicable by DGAQA to private industries also for delegation of identified QA stages to the firms and its' quality management system. Private firms namely Airbus DS Spain, HBL Power System Ltd, Inox Air Products Ltd, Ellenbarrie Industrial Gases Ltd., Reliance Industries Jamnagar Refinery, HMEL Bhatinda Refinery, AVI Oil India Ltd. etc. are AFQMS approved.
4. **Third Party Inspection (TPI):-** The Third Party Inspection System (TPI) was introduced for utilization of third party inspection services for inspection of outsourced activities carried out by production divisions and R&D centres, in respect of Ground Support & Ground Handling Equipment, Tools Testers & Ground Equipment (TTGE) and Non-Critical Stores at the premises of the Sub-contractors without any dilution of the stringent Quality requirements of aerospace products. The TPI system is in initial phase of implementation by Hindustan Aeronautics Limited (HAL) in association with DGAQA. Till date 08 Firms have been empanelled as TPI agencies by M/s HAL.

5. **ASQMS document for HAL – Approval of Supplier / Sub-Contractor and its Quality Management System:-** Main Contractor/DPSU now act as integrator of major equipments/systems with outsourcing of manufacturing of subsystems & components to various suppliers/ sub-contractor in the country. To regulate the QMS of the suppliers/sub-contractors the policy of ASMQS has been initiated by DGAQA.

The policy document on Approval of Supplier / Sub Contractor & its Quality Management System (ASQMS) prepared by HAL and duly approved by DGAQA, is prepared in line with AFQMS Document issued by DGAQA and AS 9100. It aims to put robust Quality Management System in functioning of the approved suppliers/sub-contractors by implementing requirements enlisted under this document in order to meet quality standards of the aerospace industry.

The ASQMS document effectively standardizes the process and planning for suppliers/ sub-contractors providing goods and services to various divisions of HAL. It delegates the quality control and inspection via a self-certification approach while still maintaining the oversight of DGAQA at critical stages only.

The prospective suppliers / subcontractors will have more autonomy with respect to their business operations and consequently, they will be able to contribute more effectively in the Make in India campaign. ASQMS Document will help in achieving self-reliance and indigenization endeavours of Govt. of India by ensuring quality-focused industrial practices and processes required for aerospace & defence sector.

6. **Release of Quality Rating Maturity Manual (QRMM):-** As Indian Military aviation sector is likely to see enhanced participation of private industries due to realization of Make in India program in near future, it will result in multiplicity of work centres across the country. To oversee the QA function of these work centres effectively with optimum involvement of the designated Government Quality Assurance Agency, a need to review in the present system was felt, DGAQA has introduced the concept of Quality rating assessment of firms based on Quality rating maturity manual. The Quality Rating Manual (QRM) provides guidelines for assessment of M/s HAL or Indian Military Aviation Industries to enhance their capabilities in respect of on-time, on-quality, Delivery in line with the best international practices. In association with IAF and HAL, DGAQA has

developed QRMM for various Divisions of HAL. Based on the maturity level attained by firms, enhanced delegation of QA activities will be granted to firms & its' QMS.

7. **MoU between DGAQA & NABL on Utilisation of DGAQA Experts in Evaluation of test Labs:** DGAQA as Govt Quality Assurance regulatory authority in Military aviation domain carries out Capacity Assessment and Registration of Testing of Laboratories. National Accreditation Board for Testing and Calibration Laboratories (NABL) is engaged in developing the network of accredited Calibration/ Testing Laboratories in India and operating an accreditation system in the country in accordance with ISO/IEC 17011:2017 for providing the accreditation in accordance with ISO/IEC 17025:2017 standard.

In recognition of the common interests and objectives, both the parties have entered into the Memorandum of Understanding (MoU) to carry out the accreditation together for the Laboratories involved in the testing of Defence Aeronautical stores. The purpose of this MoU is to establish a framework for collaboration between the Parties to support better quality of defence supplies by testing in NABL accredited laboratories.

Budget

Recommendation No. 13:

The Committee note that the value of stores inspected and accepted during the years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 was Rs 25767 crore, Rs. 24271 crore, Rs 32382 crore, Rs. 35734 crore and 37046 crore, respectively. Further, the expenditure of DGAQA for the years 2019-20 to 2023-24 stood at Rs. 107 crore, 107 crore, Rs. 120 crore, Rs 123 crore and Rs. 130 crore. The Committee also observe that the actual cost of providing inspection and QA coverage was 0.41%, 0.44%, 0.37%, 0.34% and 0.35% from 2019-20 to 2023-24.

The representative of Ministry apprised the Committee that the Budget of DGAQA comes under the DRDO Head i.e., Major Head 2080 and Revenue and Capital Head 4076. The Ministry further stated that out of the total budget allocated to them, the Major Head pertains to pay and allowances. DGAQA have already spent Rs. 107 crores

till December 2024, while their total projection for FY 2025-26 stands at Rs. 194.15 crore, out of which Rs. 167.20 crore stands for pay and allowances only. The Committee notes that the budget allocated for training component stands at a meagre Rs 0.46 crore, Rs 0.50 crore and Rs 0.29 crore for the FY 2021-22, 2022-23 and 2023-24. The Committee notes with some apprehension that this amounts to only 0.50%, 0.53% and 1.30% of the total budgetary allocation. For the FY 2024-25 and FY 2025-26 the amount allocated for training component is Rs 1.40 crore and Rs 1.70 crore, respectively. The Committee would like the Ministry to increase the allocation for the training component, so as to ensure that no compromise is made with regard to the services provided for Quality Assurance coverage and other related aspects of DGAQA's job profile.

The Committee further desires that DGAQA ensure provision of top Quality Assurance during development, production, overhaul and repair of military aircrafts and associated air-borne systems equipment, air armament systems and allied ground support systems. The Committee also recommends the DGAQA to increase its association with DRDO, PSUs and other developing agencies for evaluation, type approval, lifting and other life extension exercises of military airborne items. The Committee desires that DGAQA perform its duties as a top performing regulatory authority for providing Quality Assurance and final inspection point for all the critical aspects of the Armed Forces.

Reply of the Government

DGAQA is coordinating with premier training institutes like Engineering Staff College of India (ESCI), HAL Management Academy (HMA), Institute of Secretariat Training Management (ISTM), Air Force Technical College (AFTC), Central Manufacturing Technology Institute (CMTI), National Academy of Defence Production (NADP) etc. in the country for training & professional upgradation of DGAQA officers.

The Ab-Initio Training of Group 'A' Officers newly recruited from Engineering Service Exam (ESE) conducted by UPSC is organized at premier Training Institutes like AFTC Bengaluru, HMA Bengaluru & ISTM New Delhi in the duration of 2024-25.

In the Year 2024-25, DGAQA has spent Rs. 1.32 crores for training & professional upgradation of officers & staff. It is pertinent to bring out that the training at

Institute like AFTC & Technical Type Training (TETTRA) school of IAF is without any fees/charges.

The erstwhile DDPMAS revised as IMAP-23(Indian Military Airworthiness bill) has been approved by Hon'ble RM. IMAP Document along with IMTAR(Indian Military Technical Airworthiness Requirement) provides detailed roles and responsibility of various stakeholders in design, Development, production & Maintenance of Military Aviation products viz. DRDO, DPSU, DGAQA & Industry.

National Cadet Corps (NCC)

Budget

Recommendation No. 14:

The Committee note that as per the information and data provided by the Ministry pertaining to NCC for the last five years, it is observed that allocation including both Revenue and Capital for the years 2021-22, 2022-23, 2023-24 and 2024-25 stood at Rs. 1095.27 crore, Rs. 1206.80 crore, Rs. 1449.23 crore and Rs. 2822.81 crore. Further, the Expenditure during the same period stood at Rs. 1119.07 crore, Rs. 1140.91 crore, Rs. 1359.90 crore and Rs. 1767.61 crore, respectively. The Committee observe that the expenditure for all the above-mentioned years have been consistently on the lower side, when compared with the allocation side. For the year 2022-23 and 2023-24 the shortfall in expenditure vis-a-vis the allocation stood at Rs. 65.89 crore and Rs. 94.33 crore. Further, the gap between expenditure and allocated amount for the year 2024-25 (till 30th November 2024) stood at Rs. 1055.1 crore. The Committee in this regard are constrained to note that the remaining unspent amount could have been gainfully utilised for NCC.

The Committee therefore, from a strictly budgetary point of view, would like the Ministry to keep its focus on proper financial planning and management in future especially with the amount of Rs. 2946.00 crore allocated for the year 2025-26. The Committee are of the view that an increased funding would lead to greater spending for various constructive activities and smooth functioning of NCC, while also achieving its objectives. The Committee are given to understand that the role and responsibilities of NCC are varied and the organisation essentially acts as a base for national integration. Consequently, the Committee recommend that allocations be increased incrementally

over the period for this, so that required training and camp activities of NCC are not adversely affected.

Reply of the Government

The Committee may be apprised that the expenditure made by NCC by 31st March, 2025 (March Supplementary-I) stands at Rs. 2,617.00 Crore against the MA allocation of Rs. 2,739.71 Crore.

2. Further, Ministry of Defence takes the recommendation of the Committee into consideration and assures the committee that, if need be, this Ministry will seek and further allocate additional funds, based on the requirement of NCC, in future so that training and camp activities of NCC are not adversely affected.

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 TENTH REPORT (EIGHTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON DEFENCE 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)'

- 1. Total No. of Recommendations** **14**
- 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 and 14.

Total : 14
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:00%
- 5. Observations/recommendations in respect of which final replies of the Government are still awaited (Chapter V)**
Recommendation Para Nos. -Nil-

Total : 00
Percentage:00%