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

(EIGHTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS (2026-76)

**CAPITAL OUTLAY ON DEFENCE SERVICES, DEFENCE PLANNING, PROCUREMENT
POLICY AND DEFENCE PENSIONS**

(DEMAND NO. 21 AND 22)

TWENTY-FIRST REPORT



LOK SABHA SECRETARIAT

NEW DELHI

March, 2026 / Phalguna 1947 (Saka)

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**CAPITAL OUTLAY ON DEFENCE SERVICES, DEFENCE PLANNING, PROCUREMENT
POLICY AND DEFENCE PENSIONS**

(DEMAND NO. 21 AND 22)

Presented to Lok Sabha on 18.03.2026.

Laid in Rajya Sabha on 18.03.2026.



LOK SABHA SECRETARIAT

NEW DELHI

March, 2026 / Phalguna 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 Tholkappian
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. Shri Amrish Kumar - Director
3. Shri Vikas Kumar - Under Secretary

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2025-26), having been authorised by the Committee, present this Twenty-First Report (18th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2026-27 on 'Capital Outlay on Defence Services, Defence Planning, Procurement Policy, and Defence Pension (Demand Nos. 21 and 22)'.

2. The Demands for Grants of the Ministry of Defence were laid on 6th February, 2026 in Lok Sabha. The Committee took evidence of the representatives of the Ministry of Defence on 19th and 20th February, 2026. The draft Report was considered and adopted by the Committee at their Sitting held on 16th March, 2026.

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

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

5. The Committee also place on record their appreciation of the assistance rendered to them by the Committee Secretariat.

New Delhi;
16 March, 2026
25 Phalguna, 1947 (Saka)

RADHA MOHAN SINGH
Chairperson
Standing Committee on Defence

REPORT

CHAPTER - I

CAPITAL OUTLAY ON DEFENCE SERVICES

Introductory

The Committee have learnt that Demand for Ministry of Defence budget is divided into four Grants. Grant No. 19 pertains to Civil Organisations under the Ministry of Defence, Grant No. 20 is for Defence Services Revenue, Grant No. 21 is for Capital Outlay and Grant No. 22 is for Defence Pensions. Capital Budget has two segments viz. Capital Acquisition (CA) and Other than Capital Acquisition (OTCA). Capital Acquisition Budget is also termed as Modernization Budget of Armed Forces to be used for Acquisition of Military Equipments like Aircrafts, Aero-engines, Naval Fleet and Heavy and Medium Vehicles. Other than Capital Acquisition includes Expenditure on Land and Major Infrastructure Projects of Armed Forces, Procurement of Equipment/Technical Stores for Projects under R&D.

Capital Outlay on Defence Services 2025-26

1.2 During examination of Demands for Grants of the Ministry of Defence, it has been observed that for the financial year 2026-27, Rs. 7,84,678.28 crore has been allocated to Defence Budget and out of which Rs.5,84,785.45 crore is for Defence Services Estimates. Out of this, Rs.2,19,306.47 crore is exclusively for capital expenditure. This is 27.94% of the total defence budget.

The breakup of Capital Outlay on Defence Service(Grant No. -21) as furnished by the Ministry of Defence, is given below:

	2025-26 (BE)	2025-26 (RE)	2026-27 (BE Projection)	2026-27 (BE Allocation)	% increase in BE 26-27 over BE 25-26	% increase in BE 26-27 over RE 25-26
Capital Acquisition	1,48,722.80	1,56,588.89	1,84,931.92	1,84,931.92	24.35	18.10
Other than Capital Acquisition	31,277.20	29,865.31	34,374.55	34,374.55	9.90	15.10
Total	1,80,000.00	1,86,454.20	2,19,306.47	2,19,306.47	21.84	17.62

1.3 The Committee have also learnt that allocation (BE) under capital head has gone up from Rs. 1,80,000.00 crore in the financial year 2025-26 to Rs. 2,19,306.47 crore for

financial year 2026-27, which shows an increase of 21.84 per cent. The Ministry also informed that there is 17.62% increase in allocation (BE) during 2026-27 over allocation (RE) of 2025-26. It may also be seen that there is no shortfall in the projection and allocation under capital head and Rs.2,19,306.47 crore has been allocated against projection of the same amount. Allocation for capital acquisition stands at Rs.1,84,931.92 crore and other than capital acquisition stands at Rs.34,374.55 crore.

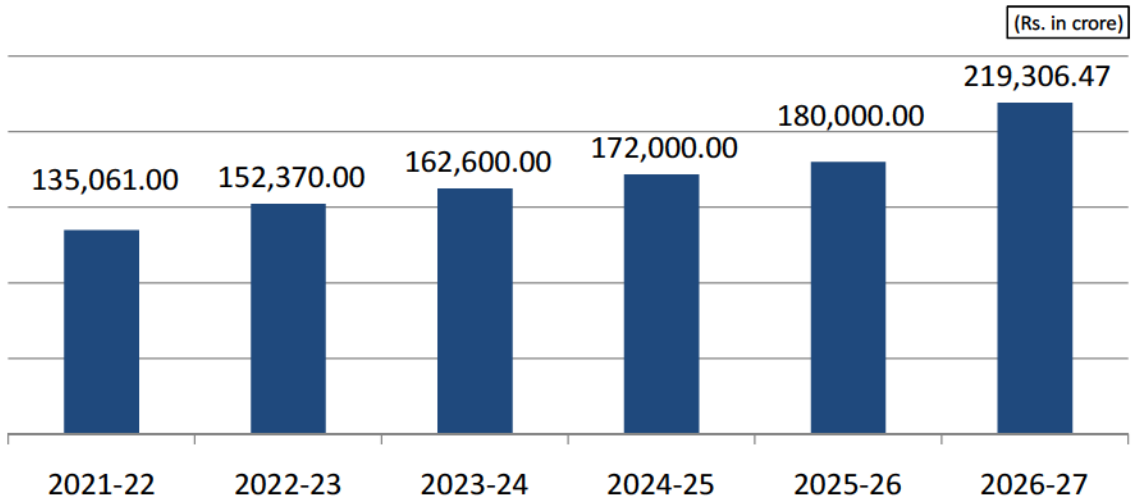
1.4 The Committee infer from the above data that out of the amount of Rs.2,19,306.47 Crore allocated for Capital Outlay on Defence Services for the Services/ Organisations covered under Defence Services Estimate, Rs.1,84,931.92 Crore is allocated for Capital Acquisition (Modernisation) Head of the three Services viz. Army, Navy(including Joint Staff) and Air Force. The Service-wise Allocation of Capital Budget is under:

Services	2025-26 (BE)	2025-26(RE)	2026-27 (BE)	% increase over RE/BE of FY 2025-26	
Army	33,400.68	35,239.66	41,626.89	Increase of 22.58% and 18.29% with respect to BE and RE respectively, in case of 3 Services.	
Navy	63,000.68	67,761.86	66,924.59		
Air Force	64,811.68	64,811.68	88,809.97		
Joint Staff	2,352.82	1,689.16	3,138.72		
DRDO	14,923.82	15,343.82	17,250.25	In case of DRDO and others, there is an increase of 14.43% and 10.94% with respect to BE and RE respectively.	
Others *	1,511.00	1,608.02	1556.05		
Total	1,80,000.00	1,86,454.20	2,19,306.47	21.84 (Over BE)	17.62 (Over RE)

*Others include DGQA and Directorate of Ordnance.

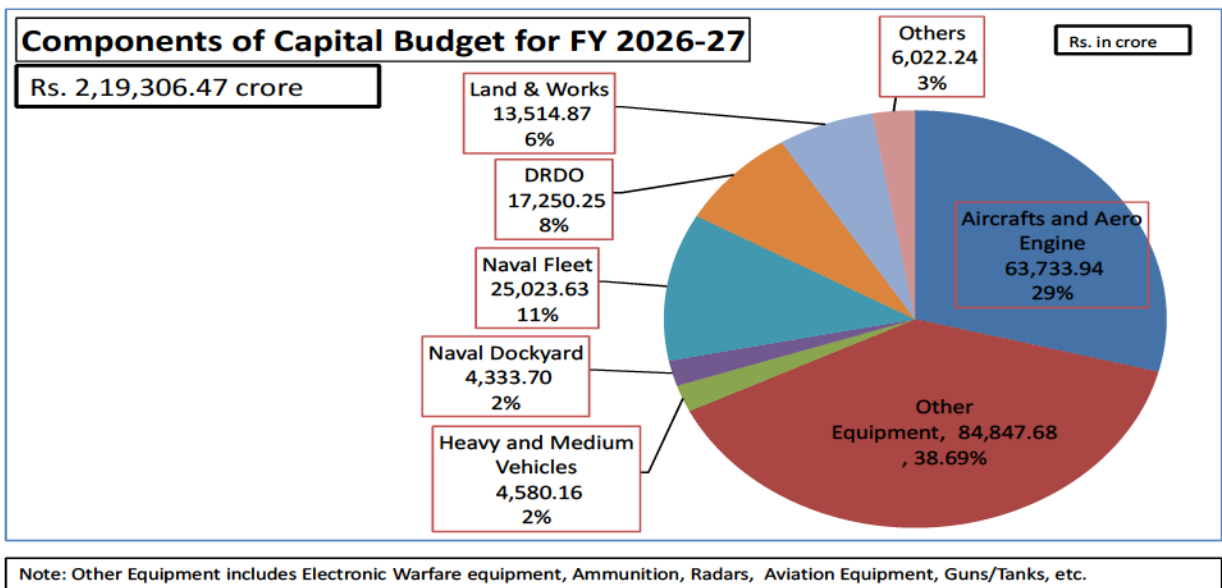
1.5 The Ministry provided a comparative data showing allocation for Capital Outlay on Defence services during the last five years as follows:

Capital Outlay on Defence Services – Growth Over Five Years



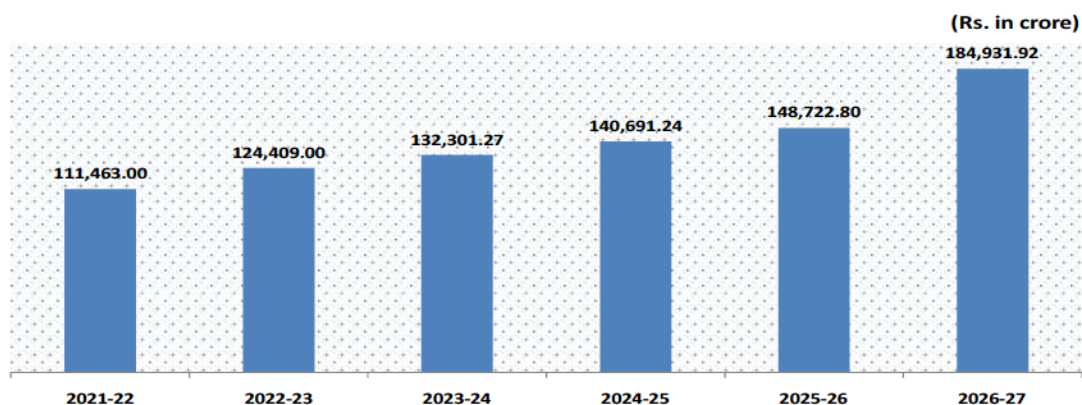
- Capital Budget has increased by Rs. 84,245.47 crore (62.38%) in last 5 years.
- It shows growth rate of 10.18% Compounded Annual Growth Rate (CAGR) in last 5 years.

The Ministry further informed about the component of the Capital Budget as follows:



1.6 The details of allocation of Modernisation budget since last five years is given below:

Defence Capital Acquisition (Modernization) Budget - Growth



In order to be self reliant in defence procurement and manufacturing the Ministry has earmarked a part of Defence Modernisation Budget for domestic industries, the details of which is as follows:

Mission Atmanirbharta and earmarking of fund for Domestic Industries

(Rs. in crore)						
	FY 2024-25		FY 2025-26		FY 2026-27	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Target (as per BE)	1,05,518.43 (75.00%)	35,172.81 (25.00%)	1,11,544.83 (75.00%)	37,177.97 (25.00%)	1,38,698.94 (75.00%)	46,232.98 (25.00%)
Achievement (as per actual exp.)	1,17,185.91 (88.22%)	15,649.82 (11.78%)	88,577.84* (69.80%)	38,315.60* (30.20%)		

* Shows bifurcation between Domestic & Foreign as per actual expenditure up to January, 2026.

1.7 During the course of presentation the Ministry of Defence further informed that an initiative for earmarking of fund for domestic industries taken since FY 2020-21 to strengthen the domestic industries. For FY 2026-27, 75% of Capital Acquisition Budget of Rs. 1,84,931.92 crore has been earmarked for acquisition through Domestic Industries i.e. Rs 1,38,698.94 crore. 25% of domestic share i.e. Rs. 34,674.74 crore has been further earmarked for acquisition of capital assets through Domestic Private Industries for FY 2026-27. In the current FY i.e. 2025-26, against target of Rs. 1.11 lakh crore, procurement amounting to Rs. 88,577.84

crore has been realized through domestic industries and against target of Rs. 27,886.21 crore from Domestic Private Industries procurement of Rs. 16,475.41 crore has been realized till January, 2026.

Projections made by Ministry of Defence and allocations made by the Ministry of Finance under Capital Head, Services-wise.

1.8 Details, as provided to the Committee, regarding the projections, allocations made at BE, RE, and actual expenditure incurred under Capital heads during the last five Financial Years and BE 2026-27 for the three Services are as follows:

(Rs. in Crore)

Service	BE Projection	BE Allocation	RE Projection	RE Allocation	Actual Expenditure
2021-22					
Army	51,492.10	36,531.90	38,344.90	25,377.09	25,130.94
Navy	69,088.05	32,050.02	49,039.86	45,050.02	44,456.26
Jt. Staff	1,832.73	1,203.53	971.52	971.52	572.38
Air Force	77,140.56	53,214.77	71,176.39	53,214.77	53,217.19
DGOF	665.00	665.00	3,847.00	4,347.00	4,339.59
R&D	13,522.61	11,375.50	11,375.50	9,875.50	10,263.44
DGQA	20.00	20.00	15.00	15.00	7.17
Total	2,13,761.05	1,35,060.72	1,74,770.17	1,38,850.90	1,37,986.97
2022-23					
Army	46,844.37	32,115.26	32,598.49	32,598.49	36,616.19
Navy	66,111.51	46,323.31	46,323.31	46,323.31	45,222.46
Jt. Staff	1,511.45	1,267.68	1,403.72	1,403.72	869.02
Air Force	85,322.60	56,851.55	56,264.54	53,871.17	44,917.78
DOO(C&S)	3,810.00	3,810.00	3,811.50	3,811.50	3,810.00
R&D	12,375.50	11,981.81	12,628.00	11,981.81	11,497.72
DGQA	20.00	20.00	10.00	10.00	6.84
Total	2,15,995.43	1,52,369.61	1,53,039.56	1,50,000.00	1,42,940.01
2023-24					
Army	37,341.54	37,341.54	33,412.16	33,412.16	28,613.50
Navy	50,966.00	50,966.00	49,656.00	49,656.00	49,859.00
Jt. Staff	1,838.75	1,838.75	1,627.98	1,396.18	903.62
Air Force	58,808.48	58,268.71	58,268.71	58,500.51	60,757.63
DOO(C&S)	1,315.00	1,315.00	1,310.50	1,310.50	1,394.00
R&D	12,850.00	12,850.00	12,942.85	12,942.85	12,723.84

DGQA	20.00	20.00	10.00	10.00	4.69
Total	1,63,139.77	1,62,600.00	1,57,228.20	1,57,228.20	1,54,256.28
2024-25					
Army	35,664.95	35,664.95	34,670.21	34,226.95	40,594.03
Navy	61,193.00	61,193.00	60,488.81	59,728.00	50,324.49
Jt. Staff	1,352.98	1,352.98	2,464.98	2,464.98	1,687.85
Air Force	59,062.07	59,062.07	59,062.07	47,766.14	51,426.19
DOO(C&S)	1,499.00	1,499.00	1,637.00	1,637.00	1,628.41
R&D	13,208.00	13,208.00	13,666.93	13,666.93	14,096.58
DGQA	20.00	20.00	10.00	10.00	10.85
Total	1,72,000.00	1,72,000.00	172,000.00	1,59,500.00	1,59,768.40
2025-26					
Army	33,400.68	33,400.68	36,198.43	35,239.66	26,810.53
Navy	63,000.00	63,000.00	67,761.86	67,761.86	48,896.95
Jt. Staff	2,352.82	2,352.82	1,689.16	1,689.16	477.09
Air Force	64,811.68	64,811.68	64,811.68	64,811.68	50,675.77
DOO(C&S)	1,496.00	1,496.00	1,495.00	1,583.02	1,494.03
R&D	14,923.82	14,923.82	15,354.32	15,343.82	7,693.85
DGQA	15.00	15.00	25.00	25.00	14.71
Total	1,80,000.00	1,80,000.00	1,87,335.45	1,86,454.20	1,36,062.93
2026-27					
Army	41,672.94	41,672.94	-	-	-
Navy	66,924.59	66,924.59	-	-	-
Jt. Staff	3,138.72	3,138.72	-	-	-
Air Force	88,809.97	88,809.97	-	-	-

DOO(C&S)	1,495.00	1,495.00	-	-	-
R&D	17,250.15	17,250.25	-	-	-
DGQA	15.00	15.00	-	-	-
Total	2,19,306.37	2,19,306.47	-	-	-

Note:- (i) Expenditure figures in respect of FY 2025-26 are upto December, 2025.

(ii) RE 2025-26 and BE 2026-27 are subject to approval of the Parliament.

Highlights of Capital Outlay Budget

1.9 Capital Budget has two segments i.e. Capital Acquisition Budget (Modernisation Budget) & other than Capital Acquisition

- (i) Service-wise Allocation out of total Capital Budget – An overall increase in allocation of 21.84% . Increase of 22.58% and 18.29% with respect to BE and RE of FY 2025-26 respectively, in case of 3 Services.
- (ii) An increase of more than Rs. 84,000 crore from Rs. 1.35 lakh crore rupees in FY 2021-22 to Rs. 2.19 lakh crore for FY 2026-27. A growth rate of more than 10 per cent during the past five years. Components of the capital budget are as follows:
 - Aircraft and aero engine 29 %
 - Other equipment 39 %
 - Share of expenditure in Naval Fleet and Naval Dockyard is about 11 % and 2 % respectively.
 - DRDO capital budget accounts for around 8 %.
 - Another 6 % of the capital budget planned for land and infrastructure projects of the defence services.

Capital Acquisition Budget

- (iii) Service-wise allocation - For 2026-27 an overall increase of 24.35% with respect to BE and 18.10% over RE of FY 2025-26 in case of three Services. An increase of more than Rs. 73,000 crore from Rs. 1.11 lakh crore in 2021-22 to Rs. 1.85 lakh crore rupees in 2026-27, that is a growth rate of 10.66 per cent CAGR .

1.10 The Ministry further informed the Committee during discussion on DFG 2026-27 on Capital Outlay on defence services in detail as under:

“we see that the growth in capital outlay on defence services has been quite steady. There is an increase of more than Rs. 84,000 crore from Rs. 1.35 lakh crore rupees in

financial year 2021-22 to Rs. 2.19 lakh crore for financial year 2026-27. This is a growth rate of more than 10 per cent during the past five years.

In this slide, the components of the capital budget for financial year 2026-27 have been depicted. We see that 29 per cent of the expenditure is planned on aircraft and aero engine, 39 per cent on other equipment. Other equipment includes armaments, guns, tanks, electronics, surveillance equipment, radars, and aviation equipment. The share of expenditure in Naval Fleet and Naval Dockyard is about 11 per cent and 2 per cent respectively. DRDO capital budget accounts for around 8 per cent. Another 6 per cent of the capital budget has been planned for land and infrastructure projects of the defence services.

Now coming to the modernization budget. We see that service-wise allocation of the capital acquisition budget and the overall percentage increase has been depicted in this slide. The overall increase is more than 24 per cent when compared with BE of 2025-26 and more than 18 per cent when compared with RE of 2025-26.

This is the trend over the past five years. We can see that the increase has been more than Rs. 73,000 crore from Rs. 1.11 lakh crore in 2021-22 to Rs. 1.85 lakh crore rupees in 2026-27, that is a growth rate of 10.66 per cent CAGR.

Finally, Sir, coming to Mission Atmanirbharta and earmarking of funds for domestic industries. In order to make defence forces self-reliant in defence manufacturing and technology, the Ministry of Defence has taken the initiative to earmark a part of the defence modernization budget for domestic industries from the year 2021 onwards. The targets and achievements have been shown here till 2024-25 onwards, and it can be seen that the targets against domestic and foreign expenditure have been achieved. If we take financial year 2026-27, 75 per cent of the capital acquisition budget of Rs. 1.85 lakh crore has been earmarked for acquisition through domestic industries, that is Rs. 1.39 lakh crore. Within that, 25 per cent of the domestic share has been further earmarked for acquisition through domestic private industries. Finally, in the current financial year 2025-26, against the target of Rs. 1.11 lakh crore, procurement amounting to more than Rs. 88,000 crore has already been realized through domestic industries. Against the target of more than Rs. 27,000 crore from domestic private industries, a procurement of Rs. 16,000 crore has already been realized till the end of January.”

Growth of Indian Capital Budget in comparison to Central Budget and Gross Domestic Product (GDP)

1.11 Data on growth of Defence Expenditure (Actuals - all four Grants) in comparison to Central Government Expenditure (CGE-Actuals) and Gross Domestic Product (GDP), in absolute and relative terms, for the last five years is tabulated below:

(Rs. in crore)

Year	Defence Expenditure	Total CGE	Def. Exp % of CGE	GDP	Def. Exp % of GDP
2020-21	4,85,681	35,09,836	13.84	1,98,54,096	2.45
2021-22	5,00,681	37,93,801	13.2	2,35,97,399	2.12
2022-23	5,73,098	41,93,157	13.67	2,68,90,473	2.13
2023-24	6,09,504	44,42,542	13.72	3,01,22,956 (1 st RE)	2.02
2024-25	6,36,003	46,52,867	13.67	3,30,68,145 (PE)	1.92

Note: i. GDP figures from FY 2020-21 to 2025-26 are as per Economic Survey 2025-26 – Table 1.6-Components of GDP at Current Prices.

ii. CGE figures for Actuals from 2020-21 to 2024-25 and 2025-26(BE) are as per Budget at a Glance of FY 2022-23 to 2026-27.

iii. RE=Revised Estimates, PE=Provisional Estimates, CGE=Central Government Expenditure

1.12 Details of Revenue and Capital expenditure in respect of Army, Navy and Air Force as well as total outlay and corresponding ratio for the last five years are given below:

(Rs. in Crore)

Year	Service	Outlay		Ratio	
		Revenue	Capital	Revenue	Capital
2021-22	Army	1,57,092.05	25,130.94	86	14
	Navy	23,834.99	45,028.64	35	65
	Air Force	34,375.46	53,217.19	39	61
	Total Outlay	2,15,302.50	1,23,376.77	64	36
2022-23	Army	1,70,019.87	36,616.19	82	18
	Navy	30,042.41	46,091.48	39	61
	Air Force	45,667.15	44,917.78	50	50
	Total Outlay	2,45,729.43	1,27,625.45	66	34
2023-24	Army	1,91,602.05	28,613.45	87	13
	Navy	34,261.53	50,762.62	40	60
	Air Force	53,024.91	60,757.63	47	53
	Total Outlay	2,78,888.49	1,40,133.70	67	33
2024-25	Army	1,97,039.51	40,594.03	83	17

	Navy	32,735.18	52,012.34	39	61
	Air Force	49,331.66	51,426.19	49	51
	Total Outlay	2,79,106.35	1,44,032.56	66	34
2025-26(RE)	Army	2,29,648.71	35,239.66	87	13
	Navy	43,887.71	69,451.02	39	61
	Air Force	63,100.00	64,811.68	49	51
	Total Outlay	3,36,636.42	1,69,502.36	67	33

Note: RE 2025-26 is subject to approval of the Parliament.

1.13 When enquired about less allocation and expenditure on capital head in comparison with the revenue heads and the measures likely to be taken to increase the allocation on capital head, the Ministry of Defence submitted as under:

“कैपिटल बजट में इस साल ऐतिहासिक वृद्धि हुई है। जैसा कि माननीय सदस्य गण ने भी अभी बताया है। इसमें करीब 24 प्रतिशत की वृद्धि हुई है। इससे हमारा रेवेन्यू और कैपिटल का रेश्यो थोड़ा इम्प्रूव हो रहा है और जैसा मैंने कहा है, हम धीरे-धीरे यह कोशिश कर रहे हैं कि हमारा रेवेन्यू एक्सपेंडिचर, सैलेरी और पेंशन, एस्टेब्लिशमेंट एक्सपेंडिचर यदि 8-10 प्रतिशत इंक्रीज हो तो कैपिटल कम से कम 20 प्रतिशत इंक्रीज हो, ताकि आप जो रीबैलेंसिंग के बारे में कह रहे हैं कि हमारा कैपिटल एलोकेशन करीब 40 प्रतिशत के करीब होना चाहिए, वह धीरे-धीरे बैलेंस हो पाए ...On this business of capital versus revenue, let me also say that in the revenue component, बहुत सारी ऐसी चीजें हैं, जो डायरेक्टली आपके ऑपरेशनल प्रिपेयर्डनेस को प्रभावित करती हैं, जैसे कि आपका एक्सपेंडिचर ऑन फ्यूल, ऑन व्हीकल्स, ऑन एम्युनेशन, ऑन स्पेयर्स। ऐसा नहीं है कि रेवेन्यू बजट पूरा का पूरा एक बोटमलेस पिट की तरह केवल एस्टेब्लिशमेंट में जा रहा है। उसमें कई चीजें ऐसी हैं, जो डायरेक्टली आपकी ऑपरेशनल एफिशिएंसीज़ और ऑपरेशनल कैपेबिलिटीज़ को भी प्रभावित करती हैं। ओवर ऑल बजट में बढ़ोतरी के बारे में जैसा कि मैंने बताया, जब सर्विसेज़ ने अपनी ओवर ऑल रिक्वायरमेंट्स को प्रोजेक्ट किया तो उनका अनुमान है कि यदि 10 से 12 प्रतिशत इंक्रीज हर साल उनको कैपिटल साइट में मिलेगा, तो उनके जो भी फ्यूलर प्लान्स हैं, ये उन्हें मीट कर पाएंगे। क्योंकि युद्ध का स्वरूप बदल रहा है। ऑपरेशन सिंदूर के कुछ लेसन थे, इसलिए मिनिस्ट्री ने

कोशिश की कि हम इसे 10 प्रतिशत नहीं, बल्कि 20 प्रतिशत इंक्रीज करेंगे और इसको फाइव ईयर्स तक सस्टेन करेंगे, ताकि जीडीपी के शेयर के तौर पर हम 2.5 प्रतिशत तक जा पाएं। हमारा विचार है कि स्टडी के मुताबिक अगर उनको करीब 15 से 20 प्रतिशत की बढ़ोतरी कैपिटल बजट में मिलती रहे, तो उनकी सारी कैपेबिलिटी रिक्वायरमेंट्स, जो कैपेबिलिटी गैप्स हैं, वे उनको पूरा करने की स्थिति में होंगे।

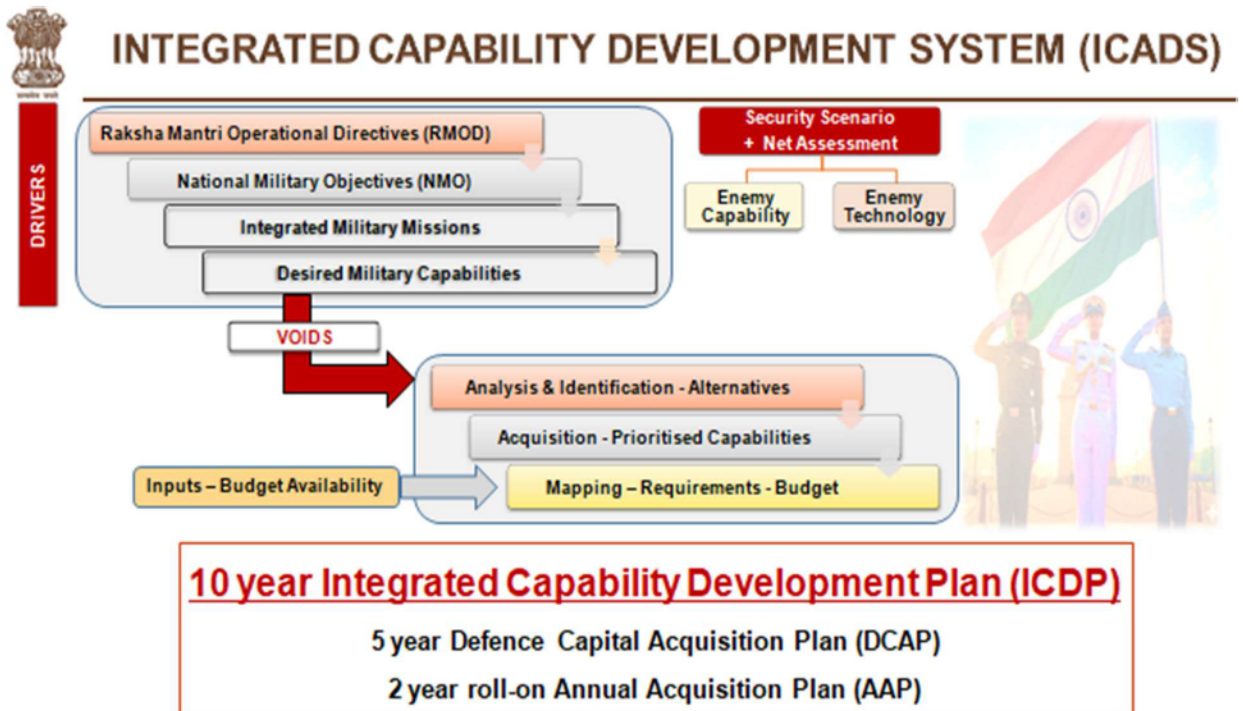
सर, आपने मिसाइल खरीद के बारे में पूछा है। मिसाइल परचेजेज़ में जो बड़े मिसाइल्स हैं, वे कैपिटल एक्जिजिशन के पार्ट में डिफेंस एक्जिजिशन काउंसिल के माध्यम से ही होते हैं। यह जो 2.1 लाख करोड़ का मॉडर्नाइजेशन का बजट है, so under the same, missiles and various other systems will be procured using this allocation itself. "

CHAPTER II

DEFENCE PLANNING

The Ministry informed the Committee that on the way to the goal of Developed India 2047, we have to face an extremely volatile geopolitical environment all around us which is full of intense regional confrontations and global engagements. Although our soft powers and diplomatic channels are active however whenever the need to establish a credible deterrence arises, it is imperative that they also meet the strong support of hard power. Therefore, to ensure a safe and secured nation a robust military strength is strong prerequisite. In this scenario defence planning emerges as critical necessity. Defence Planning become an imperative to achieve territorial integrity and sovereignty, geo-political stability culminating in Viksit Bharat 2047. A dynamic defence planning is also necessary to void security risks due to certain challenges like evolving character of warfare, active borders, technological asymmetry, legacy systems and terrorism etc.

2.2 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. HQ IDS has developed system called the Integrated Capability Development System (ICDS) which is a top down iterative process through which the defence planning is carried out. A brief about various level of planning in the form of flowchart is enclosed below:–



2.3 Highlights of Defence Planning Process

- Integrated capability development system referred as ICADS is a framework, which ensures the foundation of the defense planning process.
- Derived from the Operational Directives of the Minister of Defence.
- Military capability are assessed and to fill capabilities voids and prioritized capabilities are identified
- A 10 year Integrated Capability Development Plan (ICDP) which comprises of 5 year Defence Acquisition Plan (DCAP) and 2 year roll on Annual Acquisition Plan(AAP) is devised to initiate acquisition of prioritized capabilities.
- The focus of ICDP is on modernization of armed forces which envisages not only acquisition of arm and ammunitions rather creation of a comprehensive eco system which requires an effective organizations and structures for sound war fighting strategies and supporting doctrines.
- Entire complex matrix works on two procedural frame work *i.e.* (a) Defence Acquisition Process (DAP) 2020; and for sustenance needs (b) Defence Procurement Manual (DPM) 2025.
- Defence planning is moving forward with a Whole of Nation Approach to achieve modernisation of armed forces.

2.4 During the presentation on DFG 2026-27, the representatives of Ministry apprised the Committee about Defence Planning Process, prioritized requirements and Integrated Capabilities Development System as follows:

"विकसित भारत - 2047 के लक्ष्य की राह पर हमें अपने चारों ओर एक बेहद Volatile geopolitical environment का सामना करना पड़ रहा है, जो intense regional confrontations and global engagements से भरा हुआ है। हमारे सॉफ्ट पॉवर्स के डिप्लोमैटिक चैनल्स तो सक्रिय हैं, लेकिन जब भी आवश्यकता हो, एक क्रेडिबल डेटेरेंस स्थापित करने के लिए उन्हें हार्ड पॉवर का मजबूत समर्थन भी मिलना अनिवार्य है। इसलिए आज के इस दौर में एक सेफ और सिक्वोर्ड नेशन सुनिश्चित करने के लिए robust military strength का होना एक अत्यंत आवश्यक prerequisite बन गया है। इस संदर्भ में डिफेंस प्लानिंग एक critical necessity बनकर उभरती है। यह महज एक एडमिनिस्ट्रेटिव एक्सरसाइज़ नहीं है, but it is a crucial imperative जो हमारे ऑपरेशनल रिक्वायरमेंट्स को संबोधित करता है। साथ ही साथ, इससे एक ठोस फाइनेंशियल फ्रेमवर्क का समर्थन प्राप्त है, जिससे यह सुनिश्चित किया जा रहा है कि हमारी ऑपरेशनल रेडीनेस को प्रोएक्टव्ली हासिल किया जाए और उसे जरूरत के अनुसार सस्टेन भी किया जाए।

डिफेंस प्लानिंग का प्रोसेस हमारे national means and desired strategic ends का एक समन्वय है। एक तरफ हमारे पास मीन्स हैं, जो कि strong industrial base, a viable financial framework, indigenous R&D capability and skilled human resources पर आधारित है। ये सभी हमारे लिए फंडामेंटल रिसोर्सेज का काम करते हैं, लेकिन इन मीन्स को आउटकम में बदलने का रास्ता कुछ चैलेंजेज से भी घिरा हुआ है, जैसे कि हम एक ऐसे एनवायरनमेंट में ऑपरेट कर रहे हैं, जो evolving character of warfare, active borders, grey zone terrorism से डिफाइन किया जा सकता है। साथ ही साथ, हम capability voids को ब्रिज करने और technological asymmetry को एड्रेस करने, scale of production को बढ़ाने और legacy systems को मॉडर्नाइज़ करने में भी निरंतर प्रयासरत हैं। इसलिए इस प्लानिंग प्रोसेस का ऑब्जेक्टिव इन चैलेंजेज को इफेक्टिवली नैवीगेट करना है, ताकि हम अपने अल्टीमेट एंड्स को सिक्वोर कर सकें, जो कि विकसित भारत - 2047 के लिए जरूरी, सिक्वोर एनवायरनमेंट प्रदान करनेके लिए अनिवार्य हैं।

Integrated capability development system जिसे आई कैड्स के नाम से भी जाना जाता है, वह एक फ्रेमवर्क है, जो डिफेंस प्लानिंग प्रोसेस की नींव सुनिश्चित करता है। इसकी शुरुआत National Military Objective से होती है, जो कि रक्षा मंत्री के ऑपरेशनल डायरेक्टिव्स से डिराइव्ड किए गए हैं। इसमें सिक्वोरिटी सिनैरियो को फैक्टर्स करते हुए दुश्मनों के capabilities का net assessment और दुनिया भर में उपलब्ध तकनीकों का भी ध्यान रखा गया है। इस कंसल्टेटिव प्रोसेस के जरिए integrated military missions और उन्हें हासिल करने के लिए मिलिट्री कैपेबिलिटीज़ जनरेट की जाती हैं। जब हम desired capabilities की तुलना existing से करते हैं तो हमें capability voids को आइडेंटिफाई करने में मदद मिलती है। इसके बाद एनालिसिस और अल्टरनेटिव्स को आइडेंटिफाई करने का एक प्रोसेस शुरू होता है, ताकि इन वॉयड्स को फिल किया जा सके और तीनों सर्विसेज के लिए जरूरी prioritized capabilities का एक्वीजीशन किया जा सके।

Prioritized requirements को एग्जिस्टिंग बजट के साथ मिलाकर यह एश्योर किया जाता है कि कैपेबिलिटीज़ का डेवलपमेंट एक बैलेंस्ड और फेज्ड मैनर में हों, ताकि सभी गैप्स को एड्रेस किया जा सके।

आईकैड्स प्रोसेस का फाइनल डेलिवेरेबल है - दस सालों का इंटीग्रेटेड कैपेबिलिटी डेवलपमेंट प्लान यानी कि आईसीडीपी, जिसमें दो पंचवर्षीय डिफेंस कैपिटल एक्वीजीशन प्लांस शामिल हैं और दो साल का roll on Annual Acquisition Plan (AAP) जिसे कि एएपी कहा जाता है।

इस इंटीग्रेटेड कैपेबिलिटी डेवलपमेंट प्लान को ध्यान में रखते हुए फोक्स आर्मर्ड फोर्सों के मॉडर्नाइजेशन पर है। मॉडर्नाइजेशन का मतलब सिर्फ आर्म्स एण्ड एम्युनिशन्स का एक्वीजीशन नहीं है, बल्कि यह एक कॉम्प्रिहेंसिव इको सिस्टम है, जो sound war-fighting tailored effective organisational की मांग करता है। इसके लिए इंडस्ट्री को फोर्सों की रिक्वायरमेंट कीक्लियर विजिबिलिटी प्रदान करना भी अनिवार्य है। टेक्नोलॉजी पर्सपेक्टिव कैपेबिलिटीज़ के जरिए इंडस्ट्री को आने वाले वर्षों की रिक्वायरमेंट्स साझा की जाती है, ताकि यह सुनिश्चित किया जा सके कि इंडस्ट्री आर्मर्ड फोर्सों द्वारा डिफाइंड रिक्वायरमेंट्स को टाइम पर डेलिवर कर सके।

इसके साथ-साथ डिफेंस आर. एण्ड डी., प्रोडक्शन और सस्टेनेंस में एक सिन्क्रोनाइज्ड इंवेस्टमेंट की आवश्यकता है, जिससे एक assured financial support का आधार प्राप्त हो। इस कॉम्प्लेक्स मैट्रिक्स को एग्ज़क्यूट करने के लिए हम दो प्रोसीजरल फ्रेमवर्क के तहत काम करने होते हैं। कैपिटल एक्वीजीशन के लिए Defence Acquisition Process (DAP) 2020 and for sustenance needs Defence Procurement Manual (DPM) 2025 का इस्तेमाल किया जाता है। In a sense, हम फोर्स मॉडर्नाइजेशन को अचीव करने की दिशा में एक व्होल-ऑफ-नेशनल एप्रोच के साथ निरंतर आगे बढ़ रहे हैं।"

CHPATER III

PROCUREMENT POLICY FOR DEFENCE SERVICES

The Committee understand that Defence Acquisition Procedure governs the capital acquisition for Ministry of Defence. Since the defence requirements are unique in nature, their acquisition procedures are also unique. Defence Acquisition Procedure aims to establish a specialized framework which simplifies a complex procedure and brings uniformity and standardization among Services. The procedure aligns with the National security imperatives and every purchase strengthens the national security infrastructure. It synthesizes operational needs, fiscal framework and Industrial capability which in long run ensures securing strategic autonomy. It infuses contemporary technologies and addresses obsolescence in short lived technology cycle.

3.2 Government of India is committed to equip the Indian Armed Forces with niche technology equipment and platforms, without any delay to meet the entire spectrum of security challenges. Since operations are becoming more and more net centric, the need of the hour is to make our forces ready for fighting next generation wars. With this view, earnest efforts are being made for tapping the potential of advanced technologies and keep the Armed Forces future ready. Consequently, Defence Acquisition Procedure (DAP) 2020 was introduced on 30.09.2020 to reform and streamline defence procurement, with a focus on industry growth and security needs.

3.3 When asked regarding the estimates, allocation of budgetary funds and the actual expenditure during the last five years for implementation of major objectives of the procurement policy, the Ministry states as under:

“Defence Capital acquisition is carried out in accordance with the Defence Acquisition Procedure (DAP) and the two year roll-on Annual Acquisition Plan (AAP). The cases listed in the approved Annual Acquisition Plan (AAP) are progressed as per the DAP provisions and funds allocated and budgeted under the capital Acquisitions heads of concerned Service for the given financial year. The Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure under Capital Acquisition (Modernisation) Head for the last five financial years and current financial year are as below: -

(₹ in Crore)

Year	BE	RE	Actual
2020-21	90,047.80	1,14,320.30	1,18,966.44
2021-22	1,11,463.21	1,13,717.59	1,13,781.27
2022-23	1,24,408.64	1,22,690.98	1,17,330.19
2023-24	1,32,301.27	1,29,528.26	1,29,184.84
2024-25	1,40,691.24	1,30,916.35	1,32,835.72
2025-26	1,48,722.80	1,56,588.89	1,19,378.76

(Upto Dec, 2025)			
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3.4 Highlights of Defence Procurement Policy

- (i) Defence Capital acquisition is carried out in accordance with the Defence Acquisition Procedure (DAP) and the two year roll-on Annual Acquisition Plan (AAP).
- (ii) Allocation of Rs. 7.85 lakh crore shows robust increase of 15.19% increase over FY 2025-26 out of which Rs. 1.85 lakh crore specifically earmarked for Capital Acquisition.
- (iii) 75% of the acquisition budget reserved for domestic industry which is a decisive push towards attaining self reliance.
- (iv) 25% of R&D budget has been given for industries, Start-Ups and Academia for increased innovations in defence sector.
- (v) DRDO Budget increased from Rs. 26,816.82 Cr to Rs. 29,100.25 Cr.
- (vi) Defence Industry Corridor set up in Uttar Pradesh and Tamilnadu to strengthen indigenous defence production.
- (vii) Support to MSMEs and Start ups through ADITI, iDEX and TDF schemes.
- (viii) Various measures being taken for institutionalization of self realizations are as follows:
 - (a) Highest priority to buy Indian IDDM (Indigenously Designed, Developed and Manufactured).
 - (b) Notification of Five Positive Indigenisation Lists (PILs), which is a big step to promote indigenisation in defence sector offering a great opportunity to the Indian defence industry to manufacture these items using their own design and development capabilities to meet the requirements of the Indian Armed Forces.
 - (c) Introduction of the 'Make' Procedure of capital procurement is for greater participation of Indian Defence Industry including private sector, through three procedures- i. 'Make-I' category (70% Government Funded), ii. 'Make- 2' Category Make-II' category (Industry funded) - Design and development and innovative solutions by Indian vendor. iii. 'Make- 3'- Make-III (Manufactured in India through ToT from FOEMs).
 - (d) A portal named 'SRIJAN' to offer Defence items to industry for indigenization has been launched which has notified two lists of so far- (i) 5th Positive Indigenisation List for DPSUs – 5012 ites; and (ii) 5th DMA Positive Indigenisation List- 509.
 - (e) Minimum 50% indigenous content in all cases of procurement.
- (ix) Foreign Direct Investment (FDI) policy also liberalised thereby allowing FDI under Automatic Route up to 74% and beyond 74% through Government Route.

- (x) The Draft Defence Acquisition Procedure 2026, now in the public domain, introduces a refined strategic framework to further streamline our acquisition process.
- (xi) Focus on retention of intellectual property rights.
- (xii) Barriers for MSMEs and startups are removed by easing financial barriers and adopting spiral development to enable their improvement.
- (xiii) Ease of doing business is complemented by specific measures, such as simplified trials and streamlined vendor registration.
- (xiv) Graduation from the Make in India era, which largely relied on transfer of technology, to a new paradigm of Owned by India defined by co-development and IP ownership, establishing the nation not just as a manufacturer, but as a global design powerhouse.

3.5 During the discussion on DFG 2026-27, the representatives of the ministry informed about the Procurement Policy, defence acquisition and self reliance as under:

“Integrated capability development system जिसे आईकैड्स के नाम से भी जाना जाता है, वह एक फ्रेमवर्क है, जो डिफेंस प्लानिंग प्रोसेस की नींव सुनिश्चित करता है। इसकी शुरुआत National Military Objective से होती है, जो कि रक्षा मंत्रीके ऑपरेशनल डायरेक्टिव्स से डिराइव्ड किए गए हैं। इसमें सिम्योरिटी सिनैरियो को फैक्टर्स करते हुए दुश्मनों के capabilities का net assessment और दुनिया भर में उपलब्ध तकनीकों का भी ध्यान रखा गया है। इस कंसल्टेटिव प्रोसेस के जरिए integrated military missions और उन्हें हासिल करने के लिए मिलिट्री कैपेबिलिटीज़ जेनरेट की जाती हैं। जब हम desired capabilities की तुलना existing से करते हैं तो हमें capability voids को आइडेंटिफाई करने में मदद मिलती है। इसके बाद एनालिसिस और अल्टरनेटिव्स को आइडेंटिफाई करने का एक प्रोसेस शुरू होता है, ताकि इन वॉयड्स को फिल किया जा सके और तीनों सर्विसेज के लिए जरूरी prioritized capabilities का एक्वीजीशन किया जा सके।

Prioritized requirements को एग्जिस्टिंग बजट के साथ मिलाकर यह एश्योर किया जाता है कि कैपेबिलिटीज़ का डेवलपमेंट एक बैलेंस्ड और फेज्ड मैनर में हों, ताकि सभी गैप्स को एड्रेस किया जा सके।

आईकैड्स प्रोसेसका फाइनल डेलिवेरेबल है - दस सालों का इंटीग्रेटेड कैपेबिलिटी डेवलपमेंट प्लान यानी कि आईसीडीपी, जिसमें दो पंचवर्षीय डिफेंस कैपिटल एक्वीजीशन प्लांस शामिल हैं और दो साल का roll on Annual Acquisition Plan (AAP) जिसे कि एएपी कहा जाता है।

इस इंटीग्रेटेड कैपेबिलिटी डेवलपमेंट प्लान को ध्यान में रखते हुए फोक्स आर्म्ड फोर्सिज़ के मॉडर्नाइजेशन पर है। मॉडर्नाइजेशन का मतलब सिर्फ आर्म्स एण्ड एम्युनिशन्स का एक्वीजीशन नहीं है, बल्कि यह एक कॉम्प्रिहेंसिव इको सिस्टम है, जो sound war-fighting strategies, supporting doctrines और फ्यूचर वॉर्स के लिए tailored effective organisational की मांग करता है। इसके लिए इंडस्ट्री को फोर्सिज़ की रिक्वायरमेंट की क्लियर विजिबिलिटी प्रदान करना भी अनिवार्य है। टेक्नोलॉजी पर्सपेक्टिव कैपेबिलिटीज़ के जरिए इंडस्ट्री को आने वाले वर्षों की रिक्वायरमेंट्स साझा की जाती है, ताकि यह सुनिश्चित किया जा सके कि इंडस्ट्री आर्म्ड फोर्सिज़ द्वारा डिफाइंड रिक्वायरमेंट्स को टाइम पर डेलिवर कर सके।

इसके साथ-साथ डिफेंस आर. एण्ड डी., प्रोडक्शन और सस्टेनेंस में एक सिन्क्रोनाइज्ड इंवेस्टमेंट की आवश्यकता है, जिससे एक assured financial support का आधार प्राप्त हो। इस कॉम्प्लेक्स मैट्रिक्स को एग्ज़क्यूट करने के लिए हम दो प्रोसीजरल फ्रेमवर्क के तहत काम करने होते हैं। कैपिटल एक्वीजीशन्स के लिए Defence Acquisition Process (DAP) 2020 and for sustenance needs Defence Procurement Manual (DPM) 2025 का इस्तेमाल किया जाता है। In a sense, हम फोर्स मॉडर्नाइजेशन को अचीव करने की दिशा में एक व्होल-ऑफ-नेशनल एप्रोच के साथ निरंतर आगे बढ़ रहे हैं।

अब हम DAP के बारे में देखेंगे। हमारे मॉडर्नाइजेशन इंटेंट को कैपेबिलिटी में बदलने के लिए डिफेंस एक्वीजीशन प्रोसीजर सभी कैपिटल एक्वीजीशन्स के लिए एक गवर्निंग मैनुअल के रूप में काम करता है। हमें यह मानना होगा कि डिफेंस रिक्वायरमेंट अपने आप में यूनिक होती हैं, इसलिए उन्हें यूनिक प्रोसीजर की जरूरत है। डिफेंस एक्वीजीशन प्रोसीजर एक स्पेशियलाइज्ड फ्रेमवर्क को स्थापित करता है, जो कॉम्प्लेक्स प्रोसेसेज को सिम्प्लीफाई करते हुए सभी सर्विसेज के बीच यूनिफॉर्मिटी और स्टैण्डर्डाइजेशन करता है। सबसे महत्वपूर्ण बात यह है कि यह हर कैपिटल एक्वीजीशन को national security imperative के साथ एलाइन करता है, जिससे यह सुनिश्चित होता है कि हर एक परचेज देश की सिक्योरिटी आर्किटेक्चर को मजबूत करती है। फंक्शनली, डिफेंस एक्वीजीशन प्रोसीजर तीन चीजों को ब्रिज करता है – operational needs, fiscal framework and industry capability. यही एलाइनमेंट है, जो हमें इफेक्टिवली strength to respond प्रदान करता है और अल्टीमेटली अपने सॉवरेन प्रोसीजर्स का पालन करके हम strategic autonomy को सिक्योर करते हैं, जिससे

हमें contemporary technologies का agile infusion संभव होता है, जिससे यह एंशयोर होता है कि short-lived technology cycle के इस दौर में हम ऑब्सोलेसेंस से हमेशा आगे रहें।

इस प्रोसीजरल फ्रेमवर्क को मजबूत करने के लिए एक प्रोग्रेसिव बजट के जरिए अपनी unwavering fiscal commitment दर्शायी गयी है। 7.85 लाख करोड़ रुपये का एलोकेशन पिछले वित्तीय वर्ष के मुकाबले एक रोबस्ट 15.19 प्रतिशत इन्क्रीज़ दर्शाता है, जिसमें से 1.85 लाख करोड़ रुपये स्पेसिफिकली कैपिटल एक्वीजीशन के लिए ईयरमार्क किए गए हैं।

सेल्फ रिलायंस की दिशा में एक डिसाइसिव पुश देते हुए कैपिटल एक्वीजीशन बजट का 75 प्रतिशत घरेलू उद्योगों के लिए ईयरमार्क किया गया है, जिसमें यह सुनिश्चित किया जा रहा है कि हमारे फाइनेंशियल आउटलेज़ सीधे तौर पर हमारे नेशनल इंडस्ट्रियल बेस को मजबूत करें।

इन्वोवेशन्स को भी हम बढ़ावा दे रहे हैं। हमारे आर. एण्ड डी. का 25 प्रतिशत इंडस्ट्री, स्टार्ट-अप और एकेडमिया के लिए ओपेन किया गया है। इस फोकस को 29,100 करोड़ रुपये के डीआरडीओ एलोकेशन से मजबूती मिलती है।

इंफ्रास्ट्रक्चर के संदर्भ में, उत्तर प्रदेश और तमिलनाडु स्थित इंडस्ट्रियल कॉरिडोर्स एक बैकबोन की तरह काम कर रहे हैं और इन कॉरिडोर्स में 11 नोड्स हैं, जो 'प्लग एण्ड प्ले' को सपोर्ट कर रहे हैं, ताकि सीमलेस इंडस्ट्रियलइंटिग्रेशन को एंशयोर किया जा सके। हमारे एमएसएमई और स्टार्ट-अप को सपोर्ट करने के लिए अदिति, आइडेक्स और टीडीएफ जैसी स्कीम्स cutting edged innovation and military application के बीच के गैप को लगातार कम कर रही हैं।

सेल्फ रिलायंस को इंस्टीट्यूशनलाइज करने के लिए कई महत्वपूर्ण पॉलिसी इनिशिएटिव्स लिए गए हैं। Buy Indian IDDM कैटेगरी को उच्च प्राथमिकता दी जा रही है, जो स्वदेशी डिजाइन, डेवलपमेंट और मैनुफैक्चरिंग की तरफ हमारे कदम को दर्शाता है। स्वदेशी क्षमता को बढ़ाने के लिए पर्सपेक्टिव से मेन प्रोसीजर को पिछले कुछ सालों में स्ट्रीमलाइन किया गया है, जहां Make-1 prototype development के लिए 70 प्रतिशत सरकारी फंडिंग प्रोवाइड की जाती है, वहीं मेक-2 और मेक-3 इंडस्ट्री-लेड प्रयासों के जरिए इम्पोर्ट सब्सटीट्यूशन पर फोकस करते हैं।

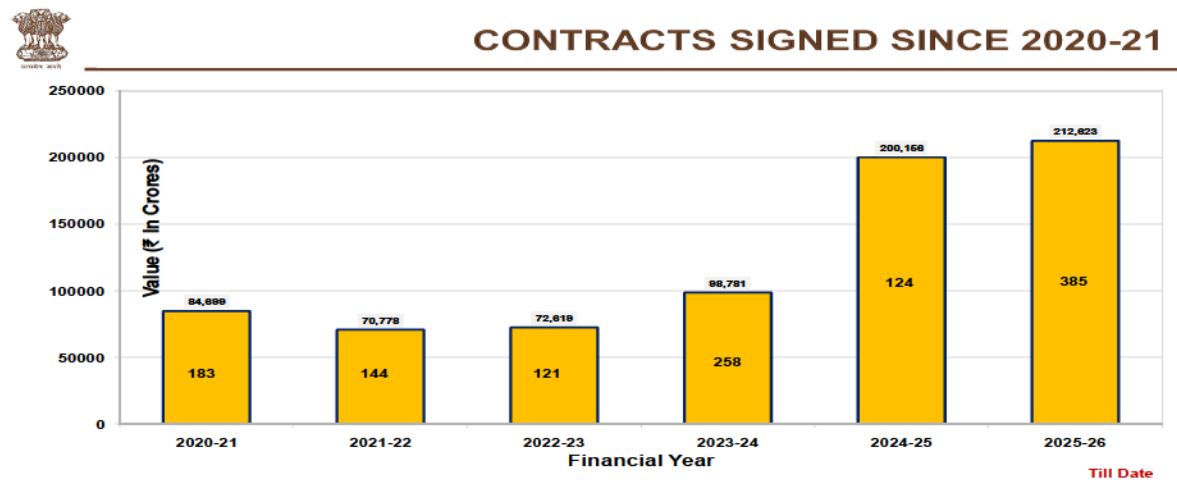
हमारी इंडस्ट्री की डिमांड गारंटी के उद्देश्य से सृजन पोर्टल हमारी positive indigenization lists को एन्फोर्स करता है और स्पेसिफिक आइटम्स के इम्पोर्ट को बैन करके हमने इस मार्केट को एक्सक्लूसिवली भारतीय निर्माताओं के लिए रिज़र्व कर दिया है।

प्रोक्योरमेंट की सभी कैटेगरीज़ में स्वदेशी कान्टेंट कम से कम 50 प्रतिशत रखा गया है, जिसमें से 50 प्रतिशत स्वदेशी कान्टेंट सॉफ्टवेयर, मैटेरियल या कॉम्पोनेंट्स के रूप में होना भी अनिवार्य है। इसके अलावा, सीमलेस इन्वेस्टमेंट को बढ़ावा देने के लिए हमने विदेशी प्रत्यक्ष निवेश को भी लिब्रलाइज किया है, जिसमें ऑटोमैटिक रूट के तहत 74 प्रतिशत की अनुमति दी गयी है और जिन मामलों में मॉडर्न टेक्नोलॉजी का एक्सेस शामिल है, उसमें गवर्नमेंट रूट के तहत 100 प्रतिशत एफडीआई भी स्वीकार्य है।"

3.6 Capital Procurement and Annual Acquisition Plan

The Committee have been informed that Capital procurement cases are taken up by MoD based on Annual Acquisition plans and is being processed as per delegation of financial powers. Three Joint Secretary cum Acquisition Managers are the nodal points for capital procurements for each Service respectively. Capital procurement cases upto to ₹300 Cr. are delegated to Services HQs and cases above ₹300 Cr are processed by Ministry of Defence.

3.7 During the course of presentation, the Ministry apprised the Committee that there has been an upward trajectory with respect to Acceptance of Necessaries (AoN)s signed during the FY 2024-25 was more than the Rs 2 lakh crores and same is maintained during the current FY 2025-26 as mark of contracts valued Rs 2.10 Lakh crore has been crossed. The Chart showing Contracts signed since 2020-21 is as follows:



Dependence on Foreign Suppliers

3.8 The Ministry furnished the following information on Defence equipment/items currently being imported and details of price and country of origin of these equipment:

“During the last financial year (2024-25) and current Financial year 2025-26 (upto December, 2025), total 456 capital acquisition contracts have been signed for capital procurement of defence equipment for Armed forces, out of which 49 contracts have been signed with vendors from foreign countries for capital procurement of defence equipment.

Capital procurement of defence equipment are undertaken from various domestic as well as foreign vendors, based on threat perception, operational challenges and technological changes so as to keep the Armed Forces in a state of readiness. The equipment so inducted are being optimally exploited for operational purposes by the Defence Services.”

3.9 The Ministry further informed about the expenditure on defence equipment imported from foreign vendors and acquired from indigenous sources over the last ten financial years. Details of Budget Estimate and procurement made from Domestic and Foreign procurement from Capital Acquisition (Modernisation) Budget for the last ten years and for FY 2025-26 (upto Dec, 2025) are as under: -

(₹ in Cr)

Year	Total Capital Procurement (Budget Estimates)	Domestic Capital Procurement	Foreign Capital Procurement	Total Procurement
2015-16	77,406.69	39,149.63	23,192.23	62,341.86
2016-17	69,898.51	41,872.03	27,278.09	69,150.12
2017-18	69,473.41	43,696.86	29,035.42	72,732.28
2018-19	74,115.99	38,963.68	36,957.06	75,920.74
2019-20	80,959.08	52,920.70	38,156.83	91,077.53
2020-21	90,047.80	76,073.98	42,786.54	1,18,860.52
2021-22	1,13,717.58	74,130.25	39,651.02	1,13,781.27
2022-23	1,24,408.66	79,060.43	38,123.84	1,17,184.27
2023-24	1,32,301.27	93,376.78	35,746.70	1,29,123.48
2024-25	1,32,628.55	1,17,265.23	15,649.82	1,32,951.05
2025-26 (Upto Dec,2025)	1,48,722.80	82,331.47	37,047.31	1,19,378.78

3.10 When the Committee enquired Whether India's dependence on foreign suppliers for military hardware have reduced significantly in the recent past and If so, the details thereof along with the reasons. The Ministry replies as follows:

“Yes, India's dependence on foreign suppliers for military hardware has reduced significantly. This is mainly attributed to policy initiative taken by MoD to promote Atmanirbhar Bharat and Make in India initiative and to ensure transparency, fair competition, level playing field and ease of doing business. As a result: -

- (i) In the F.Y. 2024-25, MoD signed 124 contracts worth Rs 2 lakh Cr (approx.) and 86% of the same were signed with Indian vendors. Further, in the same FY, out of the total capital acquisition expenditure of Rs. 1.33 lakh Cr (approx.), 88% was utilized for procurement from Indigenous sources.
- (ii) In the FY 2024-25, our Domestic Defence Production reached Rs. 1.50 Lakh Cr marking a record high, with an impressive increase of 226% from Rs. 46,429 Cr in FY 2014-15.”

3.11 The Ministry further informed the value of imports in the last five years separately for three Services along with procurement from foreign vendors out of total procurements. As per CGDA Data, details of Capital Procurement through Indigenous and Foreign sources (Rs. in Crores) for the period 2021-22 to 2025-26 are appended below:-

<u>Year</u>	<u>Total Procurement</u>	<u>Procurement from Foreign Vendors</u>
2021-22	1,13,511.11	40,325.09
2022-23	1,17,015.31	38,123.84
2023-24	1,29,074.25	35,746.70
2024-25	1,43,988.87	15,649.81
2025-26 (till Dec 25)	1,27,329.74	37,047.32

3.12 Further, as per CGDA data, imports for three services (Rs. in Crores) for the period 2021-22 to 2025-26 is as follows:-

<u>Service</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26 (till Dec 25)</u>
Army	3,614.25	11,696.95	1,471.77	1,707.18	2,155.58
Navy	16,283.62	13,316.44	6,373.96	8,601.77	29,794.21
Air Force	20,427.22	13,110.45	27,900.97	5,340.86	5,097.53

Total	40,325.09	38,123.84	35,746.7	15,649.81	37,047.32
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3.13 The Ministry when asked about the value of indigenized production in percentage/ rupee terms in the form of equipment, armament, ammunition in comparison to exports, replied as under:

The trends in Value of Production (VoP) and Export (Rs. in Crores) in the last five years are indicated as below:

Year	Total Production	Total Export
2021-22	94,845	12,815
2022-23	1,08,684	15,918
2023-24	1,27,434	21,083
2024-25	1,54,071	23,622
2025-26	65,195 (till Sep 25)	25,929 (till Dec 25)

3.14 The Ministry while replying the preliminary list of points regarding action plan by the Government to make the country self-reliant in Defence production and progress made till date have informed that the following initiatives have been taken by the Government to make the country self-reliant and their progress is as under: -

(a) Defence Acquisition Procedure 2020 is driven by the tenets of Defence Reforms announced as part of 'Aatmanirbhar Bharat Abhiyan'. Further, DAP 2020 is under review.

(b) In order to promote indigenous design and development of defence equipment 'Buy {Indian-IDDMM (Indigenously Designed, Developed and Manufactured)}' category has been accorded top most priority for procurement of capital equipment.

(c) Department of Military Affairs (DMA), Ministry of Defence, has notified Five Positive Indigenisation Lists (PILs), 1st First Positive Indigenisation List of 101 items on 21st Aug'20, 2nd Positive Indigenisation List of 108 items on 31st May'21, 3rd Positive Indigenisation List of 101 items on 7th Apr'22, 4th Positive Indigenisation List of 101 items on 19th Oct'22 and 5th Positive Indigenisation List of 98 items on 4th Oct' 23 with the timelines beyond which the items will be procured from domestic industry. This is a big step to promote indigenisation in defence sector. This offers a great opportunity to the Indian defence industry to manufacture these items using their own design and development capabilities to meet the requirements of the Indian Armed Forces. These lists include some high technology weapon systems like artillery guns, assault rifles, corvettes, sonar systems, transport aircrafts, light combat

helicopters (LCHs), radars, wheeled armoured platform, rockets, bombs, armoured command post vehicle, armoured dozer and many other items to fulfil the needs of our Defence Services.

(d) The 'Make' Procedure of capital procurement is for greater participation of Indian Defence Industry including private sector, through the following procedures:-

(i) 'Make-I' category (Government Funded): There is a provision for funding upto 70% of development cost by the Government to Indian industry. In addition, there are specific reservations for MSMEs under the 'Make' procedure. So far, 38 projects relating to Army, Navy & Air Force have been accorded 'Approval in Principle'.

(ii) 'Make-II' category (Industry funded): Design and development and innovative solutions by Indian vendor, for which no Government funding will be provided. Number of industry friendly provisions such as relaxation of eligibility criteria, minimal documentation, provision for considering proposals suggested by industry. So far, 104 projects relating to Army, Navy & Air Force have been accorded 'Approval in Principle'.

(iii) Make-III (Manufactured in India through ToT from FOEMs): In order to promote Indigenous manufacturing, though not designed / developed indigenously, import substitution for product support of weapon system/equipment held in the inventory of the services, so that Indian firms may manufacture these either in collaboration or with ToT from foreign OEMs. So far, 04 projects relating to Army, Navy & Air Force have been accorded 'Approval in Principle'.

(e) 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. Current FDI policy facilitate upto 100% by Government route wherever, it is likely to result in access to modern technology or for other reasons to be recorded. Increasing the automatic route till 100% will nullify the ownership of domestic partner. FDI in Defence sector was liberalized with the notification of revised policy by Department for Promotion of Industry & Internal Trade, Ministry of Commerce & Industry vide Press Note no. 4(2020 Series) dated 17.09.2020. Since, the notification of revised policy, there has been an inflow of over INR 2273.94 Cr. till December, 2025.

(f) An innovation ecosystem for Defence titled Innovations for Defence Excellence (iDEX) has been launched in April 2018. iDEX is aimed at creation of an ecosystem to foster innovation and technology development in Defence and Aerospace by engaging Industries including MSMEs, Start-ups, Individual Innovators, R&D institutes and Academia and provide them grants/funding and other support to carry out R&D which has potential for future adoption for Indian defence and aerospace needs. A Grant of Rs 498.78 Cr. has already been sanctioned for Scheme for iDEX for the period 2021-22 to 2025-26 (five years) Another scheme under iDEX, named ADITI (Acing Development of Innovative Technologies with

iDEX) with a budgetary support of Rs. 750 Cr. for the period 2023-24 to 2025-26 (three years), has also been launched to provide support with grants of up to Rs. 25 Crore, targeting development of cutting edge, critical and strategic technologies. Three editions of ADITI challenges have already been launched. Till 31st Dec 25, 541 Contracts have been signed with iDEX Winners (Startups/MSMEs).

(g) For providing opportunities to Indian industry under 'Make in India' in Defence a portal, namely SRIJAN DEFENCE has been launched in August 2020 for DPSUs/Services with an industry interface to provide development support to MSMEs/ Startups/ Industry for import substitution. As on 31 Dec 2025, Srijan portal data is given below; -

Items available on SRIJAN Portal for 'Public View'	46300+ items
Items indigenised	15500+ items

(h) Government has notified the 'Strategic Partnership (SP)' Model in May 2017, which envisages establishment of long-term strategic partnerships with Indian entities through a transparent and competitive process, wherein they would tie up with global Original Equipment Manufacturers (OEMs) to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.

(i) An Inter-Governmental Agreement (IGA) on "Mutual Cooperation in Joint Manufacturing of Spares, Components, Aggregates and other material related to Russian/Soviet Origin Arms and Defence Equipment" was signed in Sep 2019. The objective of the IGA is to enhance the After Sales Support and operational availability of Russian origin equipment currently in service in Indian Armed Forces by organizing production of spares and components in the territory of India by Indian Industry by way of creation of Joint Ventures/Partnership with Russian Original Equipment Manufacturers (OEMs) under the framework of the "Make in India" initiative.

(j) Product list requiring Industrial Licenses has been rationalized and manufacture of most of parts or components do not require Industrial License. The initial validity of the Industrial License granted under the IDR Act has been increased from 03 to 15 years with a provision to further extend it by 03 years on a case-to-case basis. Further, 800 licenses have been issued to 472 companies till 31st Dec, 2025 for manufacture of various Defence Licensee items.

(k) Department of Defence Production has notified 46 items under the latest Public Procurement Order 2017 notified by Department for Promotion of Industry and Internal Trade (DPIIT), for which there is sufficient local capacity and competition and procurement of these items shall be done from local suppliers only irrespective of the purchase value.

(l) Defence Investor Cell (DIC) has been created in Feb' 2018 by the Ministry to provide all necessary information including addressing queries related to investment opportunities,

procedures and regulatory requirements for investemnt in the sector. As on 31 Dec 25, 2037 queries have been received and addressed by Defence Investor Cell.

(m) Make-in-India policy and Self-Reliance in Defence Production is as follows:-

- i. In last five years, a total Nos. of 72 Proposals of Cost Rs 264,767.25 Cr have been accorded AoNs for systems Designed and Developed by DRDO to Make the country self-reliant in Defence Production.
- ii. Till date, Production value of D&D Systems by DRDO is Rs 625817.68 Cr (Inducted: Rs 114454.27 Cr and Under Inducted Rs 511363.41 Cr.)
- iii. The DRDO under the Ministry of Defence has initiated various initiatives to promote self-reliance and indigenization of Defence Technology as a part of “Atmanirbhar Bharat” & ‘Make in India’ initiative. The details of the scheme are enumerated below:-
 - (a) Technology Development Fund Scheme is a program of MoD (Ministry of Defence) executed by DRDO under Make in India initiative. The Government has approved TDF Scheme to encourage industries especially MSMEs and Startups to design and develop various defence technologies.
 - (b) **Launch of Deep Tech Projects**:-The process of the selection and identification of Deep Tech projects has been initiated under TDF Scheme.
 - (c) **Enhancement of Funding under TDF scheme**- The project value under the TDF scheme has been enhanced from Rs 10 Cr to Rs 50 Crper project.
 - (d)**Amendment of TDF SOP**:- In the scenario of enhancement of role and responsibility of the Dte, the TDF SOP has been amended accordingly to simplify the existing process to make it more effective and efficient.
 - (e) **Enhancement of Grant-in-Aid**:- An additional grant/Carpus of Rs 500 Cr has been approved by Hon’ble RM to cater for Deep-tech and cutting edge projects as separate verticals under TDF.
 - (f) **Dare to Dream Pan India Innovation contest**: Dare to Dream is a Pan India Innovation Contest to support startups& innovators to contribute in Defence ecosystem. Through this DRDO invites innovative ideas and best ideas are selected and awarded. Four versions of Dare to Dream (D2D) Contest have already been successfully conducted. Dare to Dream (D2D) 5.0 is at present going on.
- iv. Further, a total of 85 projects of the total cost Rs. 357.48 Cr. have been sanctioned to various Indian industries under TDF scheme so far.

3.15 The Ministry have also informed on allocation of funds and actual utilization for the past five years for ‘Make in India’ Project as under:

“The ‘Make in India’ initiative is being pursued in the ministry through various policy interventions including according priority to acquisition of capital defence equipments from domestic sources as per provisions of DAP 2020. Details of budgetary allocation as received from MoD (Fin) and details of expenditure of Domestic Capital Procurement Fund as received from CGDA, are as below: (Rs. In

Crore)

YR	BE	Actual Expenditure
	Amount	Amount
2021-22	71,438.36	74,130.25
2022-23	84,597.89	79,060.43
2023-24	99,223.03	93,376.78
2024-25	1,05,518.43	1,28,339.05
2025-26	1,11,544.83	90282.42 (till Dec 25)

3.16 During discussion on DFG 2026-27, the representatives of Ministry submitted before the Committee about Defence Acquisition Procedure, IPR and Procedural reforms as follows:

“हमारे अनुभवों पर आधारित ड्राफ्ट डिफेंस एक्विजिशन प्रोसीजर 2026 जो अब पब्लिक डोमेन में है। हमारे एक्विजिशन प्रोसेस को और स्ट्रीमलाइन करने के लिए एक रिफाइन्ड स्ट्रेटैजिक फ्रेमवर्क को इंटीग्रेट कर रहा है। इसकी शुरुआत रियलिस्टिक कैटेगरीजेशन से हो रही है। इसमें हम एक ऐसी सिस्टम की तरफ बढ़ रहे हैं, जिसमें किसी भी प्रोजेक्ट के इनिशिएट होने से पहले उसकी टेक्नोलॉजी मैच्योरिटी और मैन्युफैक्चरिंग रेडीनेस को स्ट्रिक्टली असेस करता है, ताकि डे वन से ही उसकी वाइबिलिटी एन्शोर की जा सके।

हमारा फोकस इंटेलेक्चुअल प्रोपर्टी राइट को रिटेंशन पर है। यह एन्शोर करता है कि हम अपनी डिजाइन कैपेबिलिटी को सिक्वोर करें, जो हमें बिना किसी फॉरेन डिपेंडेंसी के इंडीजिन्स फ्यूचर अपग्रेडेशन को इंडीपेंडेंटली मैनेज करने में सक्षम बनाता है। आउटकम को एक्स्लरेट करने के लिए हम एडिशनल प्रोसीजर इंटीग्रेट कर रहे हैं, जो स्पेशिफिकली स्पीड और स्केलेबिलिटी के लिए इंटीग्रेट किए गए हैं। यह ड्राफ्ट डोमेस्टिक इको-सिस्टम को एक सिग्निफिकेंट बूस्ट डेलिवर करता है। साथ ही साथ हम फाइनेंशियल गेट्स को ईज करके और स्पाइरल डेवलपमेंट एडॉप्ट करके एमएसएमई और स्टार्टअप्स के लिए बैरियर्स इफेक्टिवली

रिमूव कर रहे हैं, ताकि इनका इम्प्रूवमेंट संभव हो सके। इस ईज ऑफ डूइंग बिजनेस के स्फेशिफिक मेजर्स, जैसे सिम्प्लिफाइड ट्रायल्स और स्टीमलाइन्ड वेंडर्स रजिस्ट्रेशन द्वारा इंकलूड किया गया है।

इसके अलावा, हम इंक्रीज्ड आउटले तथा ज्यादा इंकलूसिव सेलेक्शन मॉडल के जरिए मेक और डिजाइन एंड डेवलपमेंट प्रोसीजर के प्रति अपनी कमिटमेंट को भी रिइन्फोर्स कर रहे हैं। प्रोसीजरल रिफॉर्म्स का इम्प्लीमेंटेशन हमें कई विजन बेस्ड आउटकम्स देगा। सबसे पहले हम प्रोसेस्ड डोमिनेन्स से आउटकम ओरिएंटेड एक्जिजिशन की तरफ ट्रांजिशन कर रहे हैं, जो इफेक्ट्वाली रिस्क एवरजन से हट कर कैपेबिलिटी एश्योरेंस की तरफ एक बहुत बड़ा शिफ्ट है। यह एप्रोच टेक्नोलॉजी सॉवरेनिटी को बिल्डअप करने के लिए डिजाइन्ड है, जो कि टू स्ट्रैटेजिक ऑटोनॉमी के लिए एक सहायक होगी। हमारे डिफेंस मैन्यूफैक्चरिंग इकोसिस्टम के कम्प्रिहेंसिव डेवलपमेंट को प्रमोट करने के लिए कमिटेड हैं और प्रोग्रेस के लिए फोकस एरियाज ही अल्टीमेटली एक एजाइल और मॉडर्नाइज्ड आर्म्ड फोर्सिस गारंटी करते हैं। यह फ्यूचर चैलेंजेज को मिट करने के लिए कैपेबल हो। एसेन्स में यह एक डॉक्ट्रिनल शिफ्ट को इंडीकेट करता है। हम मेक इन इंडिया के उस एरा से ग्रेजुएट करके, जो कि लार्जली ट्रांसफर ऑफ टेक्नोलॉजी पर रिलाएन्ड है, पर अब ओन्ड बाई इंडिया के एक नए पैराडाइम की तरफ बढ़ रहे हैं। यह नया एरा को-डेवलपमेंट और आईपी ओनरशिप द्वारा डिफाइन्ड है, जो नेशन को न केवल एक मैन्यूफैक्चरर, बल्कि एक ग्लोबल डिजाइन्ड पावर हाउस के रूप में इस्टैब्लिश करता है।”

Offset Clause

3.17 The Ministry apprised the Committee of the Offset Clause under Defence capital Acquisition as under:

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 latest Defence Acquisition Procedure (DAP 2020), offset provisions are applicable only on “Buy Global” categories of capital acquisitions. The offset provisions apply in capital acquisition contracts which are more than ₹ 2,000 Crore. 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. No offsets will be applicable in all ab-initio Single Vendor Cases including procurements based on IGA/FMS. It is relevant to note that offset applicability on Indian companies under ‘Buy Global’ cases do not arise in case the indigenization component is 30% or more. 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). The period of offset discharge can be extended on exceptional grounds by a maximum period of 02 years. The DAP stipulates eligible products/services for discharge of offset obligations which covers defence products and MRO related to helicopters and aircrafts. The vendor is permitted to discharge his obligations through Tier 1 sub-vendors based on their work share. However, the responsibility for fulfilment of offsets obligations lies with the main vendor. 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 a case to case basis. The vendors are free to select their Indian Offset Partners (IOP) from DPSU/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.

Offset obligations can be discharged by any one or a combination of the following avenues as per Defence Acquisition Procedure (DAP) 2020:

SI No.	Discharge Avenue	Indian Offset Partner	Remarks
1	Direct purchase of or executing export order for eligible Products or Services	Private Sector/DPSU	Eligible product/services Listed (Investment in civil infrastructures & training has been excluded)
2	Investment in Defence Manufacturing through FDI or direct investment or JV or through non-equity route for co-production, co-development and production or licensed production of defence products.	Private Sector/DPSU	Through FDI
3	Investment in Transfer of Technology for manufacture of eligible products	Private Sector/DPSU	Through JV/non equity route
4	Acquisition of technology through ToT to Government Institutions & establishments	DRDO/DPSU	

SI No.	Discharge Avenue	Indian Offset Partner	Remarks
5	Critical Technology Acquisition	DRDO	Critical technologies listed

The key objectives of the offset provisions as contained in DAP 2020 is to leverage capital acquisitions and technology to develop Indian defence industry by:-

- (a)Fostering development of internationally competitive enterprises; and
- (a) Augmenting capacity for Research, Design and Development related to defence products and services.

The policy also provides for “Multipliers” as incentives for offsets in targeted areas, to promote MSME and acquisition of critical technology. The following multipliers are permitted under DAP 2020:

Incentive	Multiplier
Eligible Products	1.0
Components of eligible products	0.5
Investment in defence manufacturing	1.5
Investment in Defence Industrial Corridors for defence manufacturing	2.0
IOP	
MSME	1.5
Private Industry (ToT)	2.0
DPSUs/DRDO (ToT)	3.0
DRDO (Critical Technology)	4.0

3.18 On being asked about the gains of the offset provisions and changes in existing provisions in the new DPP. The Ministry submitted as under:

As on date, a total of 57 Defence Offset contracts have been signed in MoD. The contracted offset obligations due as on 07.01.2026, is US\$ 10.02 billion against which the vendors have submitted offset claims amounting to US\$ 9.21 billion. Out of the submitted claims, offset claims worth US\$ 7.24 billion have been disposed.

Offset contracts are under different stages of implementation by the foreign OEMs. Once executed, it is estimated that the respective contract shall cause generation of substantial business to Indian industries thus strengthening the defence industrial base. It shall also facilitate the Indian domestic industry to be a vital part of the supply chain of the major global defence industries reaping in more benefits. As a result of offsets, 371 Indian Offset Partners (IOPs) have been created which has contributed to the strengthening of the defence eco-system.

Learning from the experience in implementing the Offset policy over the years since DPP 2005, the Ministry has gradually fine-tuned the Offset Policy and the guidelines thereof to factor in the difficulties encountered in the implementation of the offsets to strengthen the domestic defence industrial base together with other synergic sectors including civil aerospace and internal security. This has resulted in the enlargement of the available avenues for discharge of offsets together with amplification of the products and services and specifying other measures making them more user friendly, notably-

- (a) Graduating successively from only public enterprises to include both private and public enterprises as offset partners.
- (b) Specifying and enlarging the eligible products and services.
- (c) Equity and non-equity investments.

- (d) Investment in kind in terms of transfer of technology/ equipment to Indian enterprises, Govt. Institutions and establishments including DRDO through incentivising by higher multiplier upto 4.
- (e) Incentivizing involvement of MSMEs, by inclusion of multipliers.
- (f) Incentivizing investment in defence manufacturing in Defence Industrial Corridors notified by the Department of Defence Production, MoD.
- (g) Enabling acquisition of state – of – the - art critical technologies by DRDO.
- (h) Allowing discharge of obligations through entities other than vendor/Tier-I sub-vendor for investment and/or ToT on a case to case basis.
- (i) Extension of the discharge timeframe.
- (j) Enhancing the reporting cycle to real time submission of offset claims through online portal (earlier as per DPP 2016 it was on 6 monthly basis).

3.19 When asked about the challenges, if any, being faced by the Ministry of Defence in executing the offset contracts, the Ministry stated as under:

“Earlier, the vendors were required to give details of Indian Offset Partners, products and work share along with supporting documents in the technical offset proposal as per offset guidelines. However, the vendors have been expressing difficulties in providing these details at technical evaluation stage sighting that these activities would be undertaken number of years later which would then cause seeking changes to the contract. One of the major challenges towards post contract management had been timely and meaningful disposal of

contract amendment requests received from the vendors for change of IOP/Product etc. Resolution of these issues was a long drawn out procedure since the earlier DPPs did not have provisions for handling such issues. The resolution of these issues have been catered by introducing an amendment to the offset guidelines after approval of Defence Acquisition Council (DAC), whereby vendors have been given an option to provide details of IOPs and products even after signing of contracts making it more realistic. Further, the process for contract amendment has been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components for the signed contracts.”

3.20 On being asked about instances where offsets as promised could not be materialized and whether any action has been taken in this regard, the Ministry informed the Committee as follows:

“Offset obligations are to be discharged within a time frame that can extend beyond the period of the main procurement contract by a maximum period of two years. The period of the main contract includes the period of warranty of the equipment being procured under the main contract. Offset contracts are long term and complex in nature. These contracts are at various stages of implementation. Vendors report the offset discharge undertaken through online portal (usually, on quarterly/six monthly basis) which are monitored. The offset guidelines provide for imposition of penalty in case of shortfalls in annual offset discharge by the vendor. In twenty-three offset contracts, penalty/interim penalty has been imposed on shortfalls in offset discharge by the vendor. The total penalty that has been imposed works out to be US\$ 94.98 Million.

In order to dis-incentivise vendors from frequent requests of rephrasing of offset obligations to tide over shortfalls and escape penal provisions, the rephrasing clauses have been modified in the Defence Offset Guidelines in DPP 2016 and DAP 2020 w.e.f 08/08/2019. As per the revised provisions, a vendor may, giving reasons, request re-phasing of the offset obligations within the period of the offset contract. The first re-phasing request of the vendor will be processed without any disincentives if the spread of re-phasing is restricted up to the following year. However, if the re-phasing of offset value is proposed over the subsequent years, then 5 % additional obligation will be imposed on re-phased value of every year. The re-phasing request for second and subsequent attempts will be processed by imposing additional 5% on proposed yearly re-phased offset value irrespective of the spread of re-phasing. This yearly additional 5% offset obligation for processing re-phasing request will be over and above the outright financial penalty on shortfall specified at Para 8.11 of Defence Offset Guidelines.”

3.21 The Ministry when asked through Supplementary List of Points regarding the basic difference *w.r.t.* the Policy and Procurement DPP, 2005 and DAP, 2020, the Ministry replied as under:

“DPP 2005 was primarily a procurement manual aimed at ensuring procedural transparency and structured acquisition. DAP 2020 is a broader acquisition framework designed to promote indigenisation, capability development and long-term self-reliance in defence production.

The basic differences between DPP 2005 and DAP 2020 w.r.t. the Policy and Procurement are as follows:

S.No.	Aspect	DPP 2005	DAP 2020
1	Shift from Procurement-Centric to Capability-Centric Approach	Focused largely on regulating procurement processes and ensuring probity in acquisitions	Integrates procurement with long-term capability planning, aligning acquisitions with the Integrated Capability Development framework.
2	Top Priority Category	“Buy (Indian)” without structured prioritisation or emphasis on domestic design capability.	Buy (Indian–IDDM) with higher indigenous content thresholds
3	Structured Order of Precedence in Acquisition Categories.	Did not institutionalise such a structured prioritisation framework	Clearly defines a hierarchy of procurement categories, ensuring preference for domestic industry
4	Strategic Partnership Model	This model was not formally institutionalised under DPP 2005.	Strategic Partnership model institutionalised to build domestic manufacturing capacity in critical segments such as submarines, fighter aircraft, helicopters and armoured vehicles
5	Offset Policy	DPP 2005 applied offsets broadly to capital acquisitions above a threshold.	DAP 2020 rationalised offsets, limiting them primarily to Buy (Global) cases and introducing

			clearer implementation and monitoring mechanisms.
6	Enhanced Role for MSMEs and Start-ups.	Facilitation for MSMEs and Start-ups was limited	Includes specific provisions to encourage participation of MSMEs and start-ups, including innovation categories and prototype development pathways.
7	Lifecycle and Sustainment Focus.	DPP 2005 was acquisition-cost oriented.	Encourages Life Cycle Cost (LCC) evaluation and performance-based logistics, promoting long-term cost efficiency rather than focusing solely on acquisition price

3.22 The Committee also wanted to know the reason for six amendments in the offset guidelines in DPP, which was introduced on the recommendation of the Kelkar Committee, the Ministry replied that Offsets were a new introduction to the Defence Procurement Procedure in the year 2005. Learning from the experience in implementing the Offset policy over the years since DPP 2005, the Ministry has gradually fine-tuned the Offset Policy and the guidelines thereof to factor in the difficulties encountered in the implementation of the offsets. These amendments were also made in order to attract technology acquisition and promote MSMEs in defence manufacturing. Some of these amendments are given below:

- (a) Graduating successively from only public enterprises to include both private and public enterprises as offset partners.
- (b) Increase in number of avenues for discharge of offsets.
- (c) Specifying and enlarging the eligible products and services.
- (d) Multiplier for incentivizing engagement of MSMEs as Indian Offset Partner (IOP).
- (e) Multiplier for incentivizing investment in defence manufacturing in Defence Industrial Corridors notified by the Department of Defence Production, MoD.
- (f) Promoting acquisition of state – of – the – art critical technologies by DRDO.

(g) Allowing discharge of offset obligations through entities other than vendor /Tier-I sub-vendor for investment and/or ToT on a case to case basis.

(h) Provision for extension of the offset discharge timeframe.

Foreign Direct Investment

3.23 On being asked about the current FDI Limit, the Ministry informed the Committee as under:

“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.”

3.24 The details of the FDI/JV proposals which have been approved in the Defence Sector in the past five calendar years have been forwarded to the Committee as follows:

“The DPIIT Press Note No. 4 (2020 Series) states that for the companies seeking fresh industrial licenses, FDI in Defence Industry is allowed through automatic route up to 74%, and through Government route beyond 74% wherever it is likely to result in access to modern technology or for other reasons to be recorded.

However, for the companies which are either not seeking industrial license or already has Government approval for FDI in Defence, an infusion of fresh foreign investment up to 49% shall require mandatory submission of a declaration with the Ministry of Defence in case of change in equity/ shareholding pattern or transfer of stake by existing investor to new foreign investor for FDI up to 49%, within 30 days of such change. Proposals for raising FDI beyond 49% from such companies will require Government Approval.

In accordance to the above, the details of FDI/JV proposals which have been approved in the Defence sector in the past five calendar years is as below:-

Name of JV	Activity
2021	
M/s Everchem Asia Pvt Ltd	Engage exclusively in holding indirect investment in M/s Calimara Matters Pvt Ltd, subject to 74% acquisition of M/s Calimara Matter Ltd by M/s Calibre Chemicals.
2022-Nil	
2023	

M/s Saab FFVO India Pvt Ltd	<p>a) Design, development, manufacture and assembly of the next- generation reusable man-portable recoilless weapon called Carl-Gustaf M4 (Carl-Gustaf).</p> <p>b) Manufacturing ancillaries such as a state of the art intelligent optical-electronic sight control system or fire control device, called the FCD558 (FCD).</p> <p>c) Undertaking critical epoxy-impregnated carbon fibre winding process and manufacturing certain related components, along with their respective connected accessories to be used in the Carl-Gustaf (Carbon Fibre Winding).</p>
2024-Nil	
2025	
M/s Elcom Systems Pvt Ltd	The Company proposes to manufacture defence equipment pursuant to the industrial license that was previously obtained for the manufacture of such defence equipment.

3.25 The Committee was also informed on the status of investment rates from foreign companies after increasing the FDI limit that FDI in Defence sector was liberalized with the notification of revised policy by Department for Promotion of Industry & Internal Trade, Ministry' of Commerce & Industry vide Press Note no. 4(2020 Series) dated 17.09.2020. Since, the notification of revised policy, there has been an inflow of over INR 2273.94 Cr. till December, 2025.

CHAPTER IV

DEFENCE PENSIONS

The Committee have learnt that the Pension Division of the Department of ExServicemen Welfare deals with pension policies for the Armed Forces personnel and redressal of their grievances. The total number of Defence pensioners in the country is 34,51,013 including 6,44,020 Defence Civilian Pensioners and 28,06,993 Armed forces Pensioners.

Defence Pension Budget

4.2 The Ministry was asked about the projection and allocation for Defence Pensions for BE 2026-27 along with the figures for Defence Pension separately for Armed Forces and Defence civilian employees. The reply of the Ministry was as under:

“The budgetary projections and allocation for the year 2026-27 under Defence Pensions Grant have been tabulated below: -

Budget Estimates for the year 2026-27

(Rs. in Crore)

MH-2071-02 (Revenue)	Budget 2026-27 (Projected)	Budget 2026-27 (Allocated)
Pensions & Other Retirement Benefits & Service Charges to Banks (SPARSH)	1,80,043.00	1,79,338.22
Deduct recovery from Public Account	0.00	-8000.00**
Total(Net)	1,80,043.00	1,71,338.22

**The amount under the head “Deduct Recovery from Public Account” for Rs. 8000 Cr in BE 2025-26 has been shifted to BE 2026-27 under the nomenclature “Deduct Recovery from Public Account” by MoF as the same has already been lying unused in Deposit Account of the Public Account.

4.3 As regards figures for Defence Pensions for Armed Forces and Defence Civilian employees, it is stated that currently, no separate code heads exist under Defence Pensions for booking of pensionary charges for Armed Forces and Defence civilians of Armed Forces separately. In this regard, it is stated that Office of Controller General of Accounts has approved the opening/insertion of a separate Code Head namely “Minor Head-105-Defence Civilian Pension” for accounting/booking the expenditure towards pensionary benefits of Defence Civilian pensioners. Accordingly, the proposal for opening of separate code heads

for booking of pensionary charges for Defence Civilians in Armed Forces is already under process and will be completed in due course.”

SPARSH-SYSTEM FOR PENSION ADMINISTRATION (RAKSHA)

4.4 The Committee have learnt that the System for Pension Administration (Raksha) (SPARSH) is being implemented for meeting the pension sanction and disbursement requirements for Armed Forces viz. Army, Navy, Air Force and Defence Civilians. This Pensioner Portal provides a single window for the pensioners to avail the pension related services such as facility to view the pension details, pension entitlements, pensioner profile details, Income Tax forms etc.

4.5 The Committee, through a written submission of the Ministry, have further learnt that till 31.12.2025, 31.76 lakh pensioners have been on-boarded on SPARSH and an amount of Rs.1,23,204.38 crores has been disbursed through SPARSH.

Many constructive measures have been undertaken for updation and correction of data. More than 6 lakh cases have been updated during the last one year. Approximately 30,000 cases are under process for data purification. Accordingly, the migration of balance beneficiaries to SPARSH would be initiated soon after ensuring data purification.

4.6 The Committee note that One Rank One Pension (OROP) scheme was implemented for Defence Forces personnel and family pensioners, with the initial policy issued on November 7, 2015, effective from July 1, 2014. Under OROP, pensions are re-fixed every five years based on the average of the minimum and maximum pension of retirees in the same rank and length of service from the respective calendar year. Pensions above this average are protected, ensuring no disadvantage to pensioners.

The Union Cabinet approved pension revisions under OROP on December 23, 2022 effective from July 1, 2019. A subsequent revision was approved on July 03, 2024, effective from July 1, 2024, with detailed instructions and revised pension tables issued on September 4, 2024. This revision benefits around 24.36 lakh pensioners, including 3.54 lakh new beneficiaries. Over the past decade, OROP has led to an additional disbursement of approximately Rs. 1.24 lakh crore in pensions

Highlights of One Rank One Pension (OROP)

- (i) Scheme implemented in November, 2015 (w.e.f. 01.07.2014).
- (j) Revision every 5 years (i.e. in 2019 and 2024)
- (k) 25.13 Lakh Armed Forces Pensioners and Family Pensioners have benefitted.
- (l) Rs. 1,24,000 crs spent in the last 10 years.

4.7 Further, during the examination of DFG 2026-27, on a query regarding the Disability Pension for the Ex Servicemen been brought under the ambit of Income Tax, the representative of Ministry of Defence stated as under:

“Now, coming to the last question raised by everyone, which is disability pension. Sir, we have noted the concerns expressed by everyone because these concerns are being expressed. If I am not misunderstood or not misquoted, I would just like to say that disability comes in two forms. One is injury from war, operations or other issues which are a result of being part of service. And other is lifestyle related diseases like BP, Diabetes, hypertension all of those.

Sir, those also gets covered under disability pension as on date as it is now. So, I do not want to comment further. So, the British law that you referred to was talking only about those people who were injured in war, operations or were injured due to any operation.

The point that you are making is absolutely valid, has been heard, is being considered. I just thought I should let you know that disability is of two kinds. Disability presently also being given due to lifestyle diseases. ”

PART II

OBSERVATIONS/RECOMMENDATIONS

Defence Budget and Demands for Grants 2026-27: An Overview

The Committee are aware that the Defence Budget is categorized/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. 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 Demands for Grants of the Ministry of Defence for 2026-27, the Committee learn that the total allocated budget for the Ministry of Defence for Financial Year 2026-27 is ₹ 7,84,678.28 crore. Out of this amount, the largest share of 74.52%, i.e. ₹ 5,84,785.45 crore has been allocated for Defence Services Estimates (Grant Number 20 and 21). Capital Budget has two segments i.e. Capital Acquisition Budget (Modernization Budget) & other than Capital Acquisition. The Capital Outlay on Defence Services (Grant number 21) has been allocated an amount of ₹ 2,19,306.47 crore. An amount of ₹ 3,65,478.98 crore has been allocated to Defence Services Revenue (Grant Number 20).The Committee express their satisfaction for enhanced allocation particularly for capital outlay for FY 2026-27.

Comparative Defence Capital Outlay: BE 2025–26 & BE 2026

2. The Committee note that the capital budget of defence services is bifurcated into capital acquisition and other than capital acquisition with outlays of ₹1,84,931.92 crore and ₹ 34,374.55 crore respectively in BE 2026-27. The Committee take note of this fact with satisfaction that the total capital outlay of Defence services has registered an increase of 21.84 percent as compared to BE 2025-26. The capital acquisition expenditure which is also known as the modernization budget of the Defence Services – Army, Navy,

Air Force and Joint Staff – reflects an increase of 18.10 percent in comparison with RE 2025-26. 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 15.10 percent when compared to RE 2025-26. Service-wise Allocation out of total Capital Budget reflects an overall increase in allocation of 21.84% . And, 22.58% and 18.29% with respect to BE and RE of FY 2025-26 respectively, in case of 3 Services.

In the capital acquisition budget, the Service-wise allocation for 2026-27 shows an overall increase of 24.35% with respect to BE and 18.10% over RE of FY 2025-26 in case of three Services. An increase of than Rs. 73,000 crore from Rs. 1.11 lakh crore in 2021-22 to Rs. 1.85 lakh crore rupees in 2026-27, that is a growth rate of 10.66 per cent CAGR . At this juncture, the Committee emphasizes that the enhanced allocations should continue in the coming years, thereby ensuring a sustained upward trajectory in capital budget provisions for Defence Services to effectively address the requirements of modern warfare.

Utilisation of Capital budget

3. The Committee learn that the total allocation under Capital Head at Revised Estimates 2025-26 to Army, Navy, Air Force, Joint Staff, Directorate of Ordnance (Coordination & Services) and R&D stood at ₹ 35,239.66 crore, ₹ 67,761.86 crore, ₹ 64,811.68 crore, ₹ 1,689.16 crore, ₹ 1,583.02 crore and ₹ 15,343.82 crore, respectively. The allocation and utilisation of capital budget during the year 2022-23 was ₹1,50,000.00 crores and ₹1,42,940.01 crores, during 2023-24 was ₹1,57,228.20 crores and ₹1,54,256.28 crores and during 2024-25 was ₹,159,500.00 crores and ₹1,59,768.40 crores, respectively . The Committee, on examination of the budgetary documents in connection with DFG 2026-27, find that as per expenditure upto December, 2025 whole allocated amount is yet to be fully utilized out of the funds allocated at RE 2025-26 for Capital Budget. While noting that about Rs. 1,36,062.93 crores out of Rs. 1,86,454.20 crores have been 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 around 27.03 percent until the time this FY 2025-26 draws to a close. The Committee observed that during the FYs 2022-23 and 2023-24 there was a saving of allotted capital budget. It is, therefore, recommended that during the current financial year the capital budget must be utilized fully. The Committee, at this stage, also 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.

Ratio of Capital and Revenue Outlay for the Services

4. During examination of Demands for Grants for the year 2026-27, the Committee note that as per data pertaining to the last five financial years *i.e.* 2021-22 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 64:36, 65:35, 66:34 67:33, 63:37 and 67:33 for 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26 respectively. For 2026-27, 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 would be suitably matched to balance the ratio of Revenue and Capital outlay for the Services in near future.

Modernization of Defence Forces

5. The Committee after examination of 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 Committee note that in 2026-27, out of the amount of ₹ 2,19,306.47 crore allocated for Capital Outlay on Defence Services for the Services/Organisations covered under Defence Services Estimates, ₹ 1,84,931.92 crore is allocated for Capital Acquisition /Modernisation Head. The Committee also find that the allocation for Modernisation Head of the Services has seen an increase of ₹ 36,209.12 crore from BE 2025-26. Service-wise allocation for 2026-27 shows an overall increase of 24.35% with respect to BE and 18.10% over RE of FY 2025-26 in case of three Services. An increase of than Rs. 73,000 crore from Rs. 1.11 lakh crore in 2021-22 to Rs. 1.85 lakh crore rupees in 2026-27, that is a growth rate of 10.66 per cent CAGR. Keeping in view the current geo-political situations and the need for maintaining credible war deterrence at all times, the Committee recommend for further enhanced budgetary allocation under Capital Head.

Defence Planning

6. The Committee have been informed that defense planning is required for a robust military strength which is an essential pre-requisite for a safe and secure nation. 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 10 year Integrated Capability Development Plan (ICDP) is the foundation of defence planning which will

comprise two Five Year Defence Acquisition plan (DCAP) and Two-Year Annual Acquisition Plan (AAP) with a focus on modernization of Armed Forces by creating a comprehensive eco system of war strategies, state of art equipments, defence R&D and industrial production with adequate financial support. The Committee feel that planning under ICDP should be in tandem with changing nature of modern warfare which demands more focus on automation, latest advanced technologies, quick response, prompt coordination, velocity and application of Artificial Intelligence(AI).

Defence Procurement Policy

7. The Committee understand that Defence Acquisition Procedure governs the Capital Acquisition for Ministry of Defence. Since the Defence requirements are unique in nature, their acquisition procedures are also unique. Defence Acquisition Procedure aims to establish a specialized framework which simplifies a complex procedure and brings uniformity and standardization among Services. The procedure aligns with the National security imperatives and every purchase strengthens the national security infrastructure. It synthesizes operational needs, fiscal framework and Industrial capability which in long run ensures securing strategic autonomy. It infuses contemporary technologies and addresses obsolescence in short lived technology cycle. 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 remain 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 Aatmanirbhar Bharat Abhiyan. The Committee have been informed that

Capital procurement cases are taken up by MoD based on Annual Acquisition plans and is being processed as per delegation of financial powers. Three Joint Secretary cum Acquisition Managers are the nodal points for capital procurements for each Service respectively. Capital procurement cases upto to ₹300 Cr. are delegated to Services HQs and cases above ₹300 Cr are processed by Ministry of Defence. The Draft Defence Acquisition Procedure 2026, now in the public domain, introduces a refined strategic framework to further streamline our acquisition process.

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 timely procurement and delivery is vital and crucial for meeting operational needs of the defence forces and realization of the goal of self-reliance in Defence Sector. The Committee further opine that as the technology is changing very fast and so is the geo-political scenario, therefore keeping in view the high dynamism in the defence sector any procurement and acquisition procedure needs to have a timeline for delivery as any inordinate and long delay in procurement can result in technology and equipment becoming obsolete and redundant. The Committee also feel that defence procurement process and procedure should follow the transparency and accountability in the procurement and no compromise on this aspect needs to be ensured.

Ensuring Level Playing Field for Private Defence Industry

8. The Committee also note that in order to ensure level-playing field for private defence industry vis-à-vis the DPSUs, various measures like reserving 75% of capital budget for domestic industry, allocating 25% Defence R&D budget for industry, Start-ups and Academia, setting up of defence industry corridors in Uttar Pradesh and Tamil Nadu, notifying Positive Indigenisation list for DPSUs and Make-I, II and III procedure of procurements and simplifying Ease of Doing Business etc. 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. The Committee also 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.

Self Reliance and Make in India Initiatives

9. The Committee note that the many initiatives have been taken to promote 'Make in India' in the Defence sector and achieve substitute self-reliance in design, development and manufacture of defence equipment/platform. The Committee have been apprised that 75% of the acquisition budget have been reserved for domestic industry which is a decisive push towards attaining self reliance and 25% of R&D budget has been given for industries, Start-Ups and Academia for increased innovations in defence sector. Further, support to MSMEs and Start ups have been given through ADITI, iDEX and TDF schemes. The Committee have also been informed of the following measures being taken for institutionalization of self realizations viz., (a) Highest priority to buy Indian IDDM (Indigenously Designed, Developed and Manufactured). (b) Notification of Five Positive Indigenisation Lists (PILs), which is a big step to promote indigenisation in defence sector offering a great opportunity to the Indian defence industry to manufacture these items using their own design and development capabilities to meet the requirements of the Indian Armed Forces. (c) Introduction of the 'Make' Procedure of capital procurement is for greater participation of Indian Defence Industry including private sector, through three procedures- i. 'Make-I' category (70%Government Funded), ii. 'Make- 2' Category Make-II' category (Industry funded) - Design and development and innovative solutions by Indian vendor. iii. 'Make- 3'- Make-III (Manufactured in India through ToT from FOEMs). (d) a portal named 'SRIJAN' to offer Defence items to industry for indigenization has been launched which has notified two lists of so far- i. 5th Positive Indigenisation List for DPSUs – 5012 items

and ii). 5th DMA Positive Indigenization List- 509 and (e) Minimum 50% indigenous content in all cases of procurement.

The Committee have also been apprised that an innovation ecosystem for Defence titled Innovations for Defence Excellence (iDEX) has been launched in April 2018. iDEX is aimed at creation of an ecosystem to foster innovation and technology development in Defence and Aerospace by engaging Industries including MSMEs, Start-ups, Individual Innovators, R&D institutes and Academia and provide them grants/funding and other support to carry out R&D which has potential for future adoption for Indian defence and aerospace needs. The Committee acclaim the progress being made towards promotion of Make in India and making India Atmanirbhar in defence sector and recommend that all above mentioned schemes must match their periodic deadlines and deliveries to ensure desired outcomes towards achieving self reliance in defence sector and making India a global hub of defence production.

Reduction in Dependence on Foreign Suppliers

10. The Committee was apprised that India's dependence on foreign suppliers for military hardware has reduced significantly. This is mainly attributed to policy initiative taken by the Ministry to promote Atmanirbhar Bharat and Make in India initiative and to ensure transparency, fair competition, level playing field and ease of doing business. Consequently, during the F.Y. 2024-25, Ministry of Defence signed 124 contracts worth Rs 2 lakh Cr (approx.) and 86% of the same were signed with Indian vendors. In the same FY, out of the total capital acquisition expenditure of Rs. 1.33 lakh Cr (approx.), 88% was utilized for procurement from Indigenous sources. Further during the FY 2025-26 out of total procurement of Rs. 1,27,329.74 procurement of Rs 37,047.32 was done through foreign vendors which is just which is just 29.09% of the total procurement till 31.12.2025. In the FY 2024-25, our Domestic Defence Production reached Rs. 1.50 Lakh Cr marking a record high, with an impressive increase of 226% from Rs. 46,429 Cr in FY 2014-15. 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. The Committee recommend that all possible efforts be undertaken to reduce dependence on foreign defence supplier to not only achieve Atmanirbharta in defence sector rather making India a global defence manufacturing hub.

Foreign Direct Investment

11. 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 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 beyond 74 per cent by Government route wherever, it is likely to result in access to modern technology or for other reasons to be recorded. The Committee are apprehensive that increasing FDI in defence sector may also affect the boosting Indigenous Technological Capability discourage Local Design, and may also have negative impact on Strategic Autonomy and National Security Development. The Committee has been apprised that FDI in Defence sector was liberalized with the notification of revised policy by Department for Promotion of Industry & Internal Trade, Ministry' of Commerce & Industry vide Press Note no. 4(2020 Series) dated 17.09.2020. Since, the notification of revised policy, there has been an inflow of over INR 2273.94 Cr. till December, 2025. The Committee is pleased to know the inflow of funds through FDI after revised policy but at the same time they express their concerns towards the impact if the FDI is further liberlised. 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.

Defence Pensions

12. The Committee was informed that the budgetary projections and allocation for the year 2026-27 under Pensions & Other Retirement Benefits & Service Charges to Banks (SPARSH) have been Rs. 1,80,043.00 and Rs. 1,71,338.22 respectively.

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 34,51,013 including 6,44,020 defence civilian pensioners and 28,06,993 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 31.76 lakh defence pensioners have been migrated to SPARSH and a total of Rs. 1,23,204.38 crore has been disbursed through SPARSH till 31.12.2025. 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 and prompt measures be undertaken to resolve any administrative/technical issues which come in way of migrating rest of the pensioners to SPARSH portal.

Disability Pension

13. During the examination of DFG 2026-27 the Committee was apprised about disability pension and bringing disability pension for the Armed Forces Personnel under the ambit of Income Tax which was hitherto non-taxable. The representatives of the Ministry took note of this sensitive matter. Although, the matter of taxation comes under jurisdiction of Ministry of Finance, however, the Committee would like to recommend that since the

Ministry of Defence is one of the stake-holder in the matter, the Ministry may take this important issue up to an appropriate level to examine the proposal of bringing disability pension under the ambit of Income Tax.

**New Delhi;
16 March, 2026
25 Phalguna, 1947 (Saka)**

**RADHA MOHAN SINGH
Chairperson
Standing Committee on Defence**

STANDING COMMITTEE ON DEFENCE (2025-26)

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

The Committee sat on Thursday, the 19th February, 2026 from 1100 hrs. to 1710 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Radha Mohan Singh — Chairperson

MEMBERS

Lok Sabha

2.	Dr. Rajeev Bharadwaj
3.	Shri Karti P. Chidambaram
4.	Shri Lumbaram Choudhary
5.	Captain Viriato Fernandes
6.	Shri Mohammad Haneefa
7.	Ms. S. Jothimani
8.	Shri Shashank Mani
9.	Shri Virendra Singh
10.	Shri Kesineni Sivanath
11.	Shri Richard Vanlalhmangaiha
	<i>Rajya Sabha</i>
12.	Shri Naresh Bansal
13.	Shri Shaktisinh Gohil
14.	Shri Muzibulla Khan
15.	Dr. Ashok Kumar Mittal
16.	Shri Ujjwal Deorao Nikam
17.	Dr. Sudhanshu Trivedi

SECRETARIAT

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

LIST OF WITNESSES

Ministry of Defence

General Defence Budget and Capital Outlay

- | | | |
|-----|------------------------------|------------------------------------|
| 1. | Gen Anil Chauhan | CDS & Secretary, DMA |
| 2. | Shri Rajesh Kumar Singh | Defence Secretary |
| 3. | Dr. Samir Venkatpati Kamat | Secretary DDR&D &
Chairman DRDO |
| 4. | Shri Sanjeev Kumar | Secretary (DP) |
| 5. | Smt. Sukriti Likhi | Secretary(ESW) |
| 6. | Lt Gen Pushendra Singh | VCOAS |
| 7. | Air Mshl Nagesh Kapoor | VCAS |
| 8. | Vice Admiral Sanjay Vatsayan | VCNS |
| 9. | Lt Gen VPS Kaushik | Adjutant General |
| 10. | Shri Raj Kumar Arora | FA(DS) |
| 11. | Smt. Ishita Ganguli Tripathy | Addl. FA & JS |

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|-----|-----------------------------------|-------------------|
| 12. | Maj Gen G S Choudhry | JS(Army & TA) |
| 13. | AVM Vikram Gaur | JS(Air & SD), DMA |
| 14. | Rear Admiral Kunal Singh Rajkumar | JS(Navy & DS) |

Procurement Policy and Defence Planning

- | | | |
|-----|------------------------------|----------------------|
| 1. | Gen Anil Chauhan | CDS & Secretary, DMA |
| 2. | Shri Rajesh Kumar Singh | Defence Secretary |
| 3. | Lt Gen Pushendra Singh | VCOAS |
| 4. | Air Mshl Nagesh Kapoor | VCAS |
| 5. | Vice Admiral Sanjay Vatsayan | VCNS |
| 6. | Shri Raj Kumar Arora | FA(DS) |
| 7. | Shri A Anbarasu | AS & DG(Acquisition) |
| 8. | Shri Dinesh Mahur | AS(DP) |
| 9. | ADG A P BADOLA | ADGCG |
| 10. | IG VK Vijay Kumar | DDG(P&P) |
| 11. | Shri Longjam Sidhartha Singh | AS & FA(Acquisition) |
| 12. | Shri Dharmendra Kumar Singh | JS & AM(Air) |
| 13. | Smt. Ishita Ganguli Tripathy | Addl. FA & JS |
| 14. | Shri Dinesh Kumar | JS & AM (MS and LS) |
| 15. | R Adm Paar Sadiq | ADG Acq Tech (M&S) |
| 16. | AVM GK Mohan | ADG Acq Tech (Air) |
| 17. | Maj Gen Tarun Agrawal | ADG Acq Tech (Army) |
| 18. | Sh. Amit Satija | JS(DIP) |
| 19. | Sh. Rajeev Prakash | JS(NS) |

- | | | |
|-----|------------------------------------|----------------------|
| 20. | Ms. Manisha Chandra | JS(Aerospace & DOMW) |
| 21. | Maj Gen G S Choudhry | JS(Army & TA) |
| 22. | AVM Vikram Gaur | JS(Air & SD), DMA |
| 23. | Rear Admiral Kunal Singh Rajkumar, | JS(Navy & DS) |

Joint Staff

- | | | |
|-----|-----------------------------------|----------------------|
| 1. | Gen Anil Chauhan | CDS & Secretary, DMA |
| 2. | Air Marshal Ashutosh Dixit | CISC |
| 3. | Vice Admiral Atul Anand | AS, DMA |
| 4. | Shri Raj Kumar Arora | FA(DS) |
| 5. | Vice Admiral Vineet McCARTY | DCIDS(PP&FD) |
| 6. | AVM Dharminder Singh Handa | ACIDS (FP&ADM) |
| 7. | Maj Gen Amit Talwar | ACIDS (PP&FS) |
| 8. | Smt. Ishita Ganguli Tripathy | Addl. FA & JS |
| 9. | Maj Gen G S Choudhry | JS(Army & TA) |
| 10. | AVM Vikram Gaur | JS(Air & SD), DMA |
| 11. | Rear Admiral Kunal Singh Rajkumar | JS(Navy & DS) |

Army

- | | | |
|----|-----------------------------|----------------------|
| 1. | Gen Anil Chauhan | CDS & Secretary, DMA |
| 2. | Shri Pushpendra Singh | VCOAS |
| 3. | Vice Admiral Atul Anand | AS, DMA |
| 4. | Lt Gen Manish Luthra | Offg DCOAS (Strat) |
| 5. | Lt Gen Ulhas Kirpekar | DG FP |
| 6. | Lt Gen Amardeep Singh Aujla | MGS |

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|-----|-----------------------------------|-------------------|
| 7. | Shri Raj Kumar Arora | FA(DS) |
| 8. | Maj Gen Neeraj Shukla | Offg DG SP |
| 9. | Maj Gen G S Choudhry | JS(Army & TA) |
| 10. | AVM Vikram Gaur | JS(Air & SD), DMA |
| 11. | Rear Admiral Kunal Singh Rajkumar | JS(Navy & DS) |
| 12. | Maj Gen Vikram Sharma | Addl QMG |
| 13. | Maj Gen TS Bains | ADG FP |
| 14. | Smt. Ishita Ganguli Tripathy | Addl. FA & JS |

Air Force

- | | | |
|-----|-----------------------------------|----------------------|
| 1. | Gen Anil Chauhan | CDS & Secretary, DMA |
| 2. | Air Mshl Nagesh Kapoor | VCAS |
| 3. | Shri Raj Kumar Arora | FA(DS) |
| 4. | Vice Admiral Atul Anand | AS, DMA |
| 5. | Air Mshl Awadhesh Kumar Bharti | DCAS |
| 6. | AVM Tejpal Singh | ACAS (Plans) |
| 7. | AVM Vikram Gaur | JS(Air & SD), DMA |
| 8. | Maj Gen G S Choudhry | JS(Army & TA) |
| 9. | Rear Admiral Kunal Singh Rajkumar | JS(Navy & DS) |
| 10. | Smt. Ishita Ganguli Tripathy | Addl. FA & JS |

Navy

- | | | |
|----|------------------|----------------------|
| 1. | Gen Anil Chauhan | CDS & Secretary, DMA |
|----|------------------|----------------------|

2.	Vice Admiral Sanjay Vatsayan	VCNS
3.	Shri Raj Kumar Arora	FA(DS)
4.	Vice Admiral Atul Anand	AS, DMA
5.	Rear Admiral BS Sodhi	ACNS(P&P)
6.	Rear Admiral Kunal Singh Rajkumar	JS(Navy)
7.	AVM Vikram Gaur	JS(Air & SD), DMA
8.	Maj Gen G S Choudhry	JS(Army & TA)
9.	Smt. Ishita Ganguli Tripathy	Addl. FA & JS

Indian Coast Guard

1.	Shri Rajesh Kumar Singh	Defence Secretary
2.	Smt. Dipti Mohil Chawla	Addl. Secretary, DoD
3.	DG S Paramesh	DG ICG
4.	Shri Raj Kumar Arora	FA(DS)
5.	Shri Satyajit Mohanty	Joint Secretary (Coast Guard)
6.	DIG V Krishna Kumar	PD(P&B)
7.	ADG A P BADOLA,	ADGCCG
8.	Smt. Ishita Ganguli Tripathy	Addl. FA & JS
9.	IG VK Vijay Kumar	DDG(P&P)

DGDE

1.	Shri Rajesh Kumar Singh	Defence Secretary
2.	Smt. Shobha Gupta	DGDE
3.	Shri Raj Kumar Arora	FA(DS)

4. Shri Rakesh Mittal Additional Secretary
5. Smt. Ishita Ganguli Tripathy Addl. FA & JS
6. Ms. Nigar Fatima Sr. Addl. DG
7. Smt. Vibha Sharma Addl DG
8. Shri Madhukar Naik Addl. DG

BRO

1. Shri Rajesh Kumar Singh Defence Secretary
2. Lt Gen Harpal Singh DGBR
3. Shri Raj Kumar Arora FA(DS)
4. Shri Rakesh Mittal Additional Secretary
5. Smt. Ishita Ganguli Tripathy Addl. FA & JS

DGAFMS

1. Shri Rajesh Kumar Singh Defence Secretary
2. Shri Raj Kumar Arora FA(DS)
3. Surg VAdm Arti Sarin DGAFMS
4. Shri Manish Tripathi Additional Secretary
5. Shri Dalip Singh Bhadauria DDG(Med)
6. Maj Gen Manas Chatterjee Addl DGAFMS(E&S)
7. Smt. Ishita Ganguli Tripathy Addl. FA & JS

NCC

1. Shri Rajesh Kumar Singh Defence Secretary
2. Lt Gen Virendra Vats DG NCC

3.	Shri Raj Kumar Arora	FA(DS)
4.	Smt. Dipti Mohil Chawla	Addl. Secretary, DoD
5.	Shri S. G. P. Verghese	Joint Secretary
6.	AVM PVS Narayana	ADG(A)
7.	Smt. Ishita Ganguli Tripathy	Addl. FA & JS

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them of the agenda for the Sitting *i.e.* oral evidence of the representatives of Ministry of Defence in connection with examination of Demands for Grants for the year 2026-27.

3. Thereafter, the Chairperson welcomed the Defence Secretary and Chief of Defence Staff (CDS) along with, the representatives of the Armed Forces and Ministry of Defence to the Sitting of the Committee convened to deliberate on the subjects 'General Defence Budget, Department of Military Affairs (DMA), Ministry of Defence (Civil), Capital Outlay on Defence Services, Procurement Policy and Defence Planning, Army, Air Force, Navy, Joint Staff, Indian Coast Guard (ICG), Directorate General Defence Estates (DGDE), Border Roads Organization (BRO), Director General Armed Forces medical Services (DGAFMS) and National Cadet Corps (NCC)' in connection with examination of Demands for Grants of the Ministry of Defence for the year 2026-27.

4. Subsequently, drawing attention to the Direction 55(1) of the Directions by the Speaker, Lok Sabha to treat the deliberations of the sittings as 'confidential', he requested the representative of the Ministry to give an overview of the subject after introducing themselves.

5. Thereafter, the Defence Secretary initiated the discussion by giving an overview of Defence Services Estimates and other Demands for Grants of the Ministry of Defence for 2026-27. The highlights of the brief given by the Defence Secretary are as under:

- (i) The total outlay of the Ministry of Defence for 2026-27 is Rs 7.85 lakh crore, which is 15.19 per cent higher than the current financial year BE and is about 2 per cent of the estimated GDP for FY 2026-27.
- (ii) The budget estimate for Defence Services for the financial year 2026-27 is Rs 5.85 lakh crore, of which Rs 3.65 lakh crore is under the revenue head and Rs 2.19 lakh crore is under the capital head.
- (iii) Out of total allocation, Rs. **5.85** crore has been allotted for Defence Services Estimates, Rs. **28,500** crore for MoD (Civil) and Rs. **1.71** lakh crore for Defence pensions;
- (iv) Ministry of Defence had utilised 50 per cent of the capital allocation allocated to

the Defence Services within the second quarter and till date, the MoD has utilised more than 80 per cent of the amount for this year.

- (v) Seventy-five percent of Defence Modernization budget has been earmarked for domestic industry in FY 2025-26; and
- (vi) Annual defense production in the financial year 2024-25 was ₹1.51 lakh crore, an increase of 18 percent compared to the previous financial year, i.e., 2023-24.
- (vii) Similarly, defense exports during the financial year 2024-25 increased to ₹23,682 crore, representing a 12 percent increase compared to defense exports in the financial year 2023-24.

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

- (i) The total allocation of the MoD is Rs. 7.85 lakh crore. Out of which Rs. 5.85 lakh crore, which is almost 75 per cent, is allocated for Defence Services; Rs. 1.71 lakh crore is for Defence Pensions and the remaining 3.64 per cent is for Civil Organisations under the Ministry of Defence.
- (ii) In Defence Services Estiamtes, out of the total allocation of Rs. 5.85 lakh crore, Rs. 3.65 lakh crore is for Revenue and the balance Rs. 2.19 lakh core is for Capital head.
- (iii) The total Central Government allocation for the financial year 2026-27 is almost 15 per cent of the total Central Government Budget. At the Revenue allocation, it constitutes 13.42 per cent (Rs. 41.25 lakh crore) of the total Central Government Revenue and with respect to Capital allocation, the Ministry of Defence accounts for 18.91 per cent. (Rs. 12.22 lakh crore)
- (iv) Two per cent of the GDP of FY 2026-27 is accounted for by the Ministry of Defence. This outlay is 15.19 per cent higher than the BE of financial year 2025-26 (i.e. Rs 6.81 lakh crore) and 7.12 per cent higher than the RE of financial year 2025-26 (i.e Rs. 7.32 lakh crore).
- (v) distribution of the MoD Budget component-wise, the four major heads are: Salary and Allowances at 27.83 per cent (Rs. 2,18,404.79), Capital Head at 29.44 per cent (Rs. 2,31,009.72), Defence Pensions at 21.84 per cent (Rs. 1,71,338.22), and Non-Salary Expenditure at 20.89 per cent. (Rs. 1,63,925.55)
- (vi) the trend of the last five years, the defence budget has steadily increased. The increase is about 64.09 per cent from Rs. 4.78 lakh crore in 2021-22 to Rs. 7.85 lakh crore in the financial year 2026-27. In absolute terms, the increase is Rs.

3.06 lakh crore, reflecting a compounded annual growth rate of 10.41 (CAGR) per cent over the past five years.

- (vii) In Defence Services Estimates the total allocation is Rs. 3.65 lakh crore. Of this, 57 per cent is for Pay and Allowances, and the remaining is for Non-Salary Expenditure.
- (viii) the total allocation for Revenue Expenditure for the Defence Forces is Rs. 3.65 lakh crore. This is 17.24 per cent higher than the BE of financial year 2025-26 and more than 4.49 per cent higher than the RE of financial year 2025-26.

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

7. The representatives of the Ministry of Defence then gave a Power Point Presentation on **Capital Outlay on Defence Services** which was followed by discussion on a wider gamut of issues encompassing the following:

- (i) Total allocation of Ministry of Defene is 7,84,678.28 crore, out of which Rs. 5,84,785.45 crore has been allotted for Revenue and Capital Head to Defence Services Estimates. In Capital head Rs. 2,29,306.47 crore has been allotted and out of which Rs. 1,84,931.92 crore is allocated for capital acquisition.
- (ii) Allocation under capital has been gone up from Rs. 1,80,000 crore in FY 2025-26 to Rs. 2,19,306.47 crore in FY 2026-27 which is an increase in 21.84 percent ;
- (iii) Capital Budget is also termed as Modernization Budget of Armed Forces to be used for Acquisition of Military Equipments like Aircrafts, Aero-engines, Naval Fleet and Heavy and Medium Vehicles
- (iv) In respect of three services there is an increase of 22.58 % and 18.29% with respect of BE and RE respectively for FY 2025-26
- (v) There is an increase in capital outlay of more than Rs. 84,000 crore from Rs. 1,35,061.00 crore rupees in financial year 2021-22 to Rs. 2,19,306.47 crore for financial year 2026-27
- (vi) In the components of the capital budget for financial year 2026-27 29 per cent of the expenditure is planned on aircraft and aero engine and 39.69 per cent on other equipment. Other equipment includes armaments, guns, tanks, electronics, surveillance equipment, radars, and aviation equipment.
- (vii) For FY 2026-27 there is an overall increase of 24.35% with respect of BE and 18.10% over RE of FY 2025-26 in case of three services

- (viii) Defence Capital Acquisition (modernization) Budget has been increased from Rs. 1,11,463.00 crore in FY 2021-22 to Rs. 1,84,931.92 crore in FY 2026-27.
- (ix) Mission Atmanirbharta and earmarking of funds for domestic industries
- (x) MoD took an initiative for earmarking of fund for domestic industries since FY 2020-21 to strengthen the domestic industries
- (xi) For FY 2026-27, 75% of Capital Acquisition Budget of Rs. 1,84,931.92 crore has been earmarked for acquisition through domestic industries i.e Rs. 1,38,698.94 crore
- (xii) 25% of domestic share i.e. Rs. 34,674.74 crore has been further earmarked for acquisition of capital assets through Domestic private Industries for FY 2026-27.
- (xiii) In the current FY i.e 2025-26, against target of Rs. 1.11 lakh crore, procurement amounting to Rs. 88,577.84 crore has been realized through domestic industries and against target of Rs. 27,886.21 crore from Domestic private Industries procurement of Rs. 16,475.41 crore has been realized till January, 2026.
- (xiv) working on the sixth generation prototype aircraft
- (xv) plans for procuring missile systems under the capital outlay
- (xvi) planned to be spent for the procurement of advanced aircraft and advanced engines

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

8. Thereafter, the representatives of the Ministry of Defence then gave a Power Point Presentation on **Procurement Policy and Defence Planning** which was followed by discussion on the following:

- (i) Aim to Viksit Bharat 2047 (Developed India)
- (ii) intense regional confrontations and global engagements
- (iii) robust military strength for secured nation
- (iv) defence planning means strong Industrial Base, financial framwork, R&D capacity, Defence diplomacy, skilled human resourses

- (v) challenges for outcome are evolving character of warfare, active borders, Technological Asymmetry, scale of production, capability voids legacy systems and Grey Zone terrorism
- (vi) Integrated capability development system (ICADS)
- (vii) 10 year Integrated Capability Development Plan (ICDP)
- (viii) Capital acquisition carried out on the basis of Defence Acquisition Process (DAP) 2000
- (ix) Defence procurement Manual (DPM) 2025 needs for sustenance
- (x) Defence acquisition procedure bridges operational needs, fiscal framework and industry capability
- (xi) 75% (Rs. 1,38,698.94 crore) of Capital Acquisition Budget has been earmarked for domestic industries;
- (xii) 25% Defence R&D Budget for Industry, Start-ups and Academia
- (xiii) increase of DRDO Budget from 26,816.82 crore to 29,100.25 crore in FY 2026-27
- (xiv) Defence Industry Corridor at Uttar Pradesh and Tamil Nadu
- (xv) supports for MSMEs through ADITI, iDEX and TDS
- (xvi) 11 Nodes provides plug and play support to industries
- (xvii) highest priority is being Buy Indian (IDDM) category

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The witnesses then withdrew)

9. The Chief of Defence Staff gave an overview of the working of Joint Staff following which a Power Point presentation on the Joint Staff was made. This was followed by detailed deliberations on the following issues:

- (i) Promoting jointness and integration among the three services;
- (ii) Formulation of policy on Joint Operational Capabilities, Training and Functional aspects;
- (iii) Financial planning and oversight of joint staff;
- (iv) Net Assessment of potential Adversaries

- (v) Planning and Coordination of efforts of Three Services-Operations, Exercises, Strat intelligence and Crisis Management
- (vi) "VISION-2047" which include Phase-I (2023) -Era of Transition, Phase II (2030-40)-Era of Consolidation and Phase III (2040-47)-Era of Excellence
- (vii) Changing character of warfare from Net Centric to Intelligent Warfare (Data Centric)
- (viii) perception management during Operation Sindoor
- (ix) Doctrines, Policies and Orders of Joint Staff
- (x) Indigenisation efforts of Joint Staff
- (xi) plans for future roadmap of Joint Staff

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The officials of Joint Staff then withdrew)

10. Following the discussion on Army, a Power Point presentation on the Army was made. This was followed by detailed deliberations on following issues:

- (i) Ensuring territorial integrity by Army;
- (ii) Security situation in border areas of the country;
- (iii) Reviewing deployment of troops and surveillance in border areas by army;
- (iv) Patrolling along the Line of Control and the hinterland by army;
- (v) Logistic operations in border areas and High Altitude Areas;
- (vi) Operation Sindoor with precision and professionalism;
- (vii) Focus on capability developmet in the form of intelligence dominance to cutting edge technology and joint operational readiness;
- (viii) Operation Mahadev to neutralized terrotists involved in the Pahalgam attack;
- (ix) Indian Army on the path of jointness and integration;
- (x) enhancing integration through pursuits in common operational planning process, technology development, harmonising intelligence surveillance and reconnaissance resources
- (xi) formulation of joint military civil fusion doctrine

- (xii) enhancing defence through integration of Akashteer, Command and control system;
- (xiii) carried out various transformation and reorganisation in the year 2025 by Indian Army
- (xiv) formation of combined arms through Rudra Brigades
- (xv) raising of Bhairav Battalions, Ashni protons and shaktimaan regiments
- (xvi) Self-sufficiency in defence procurement and manufacturing
- (xvii) acquiring the capability for developing in-house drone systems
- (xviii) Strengthening of Border Area Development programme in border areas by army;
- (xix) committment to the vision of a developed India @ 2047 by army
- (xx) carrying out Military Civic Action Projects under Operation Sadbhavana in the border areas
- (xxi) allocation of Rs. 2,85,735 crore which is 18 per cent increase from the previous financial year Budget Estimates to Indian Army.
- (xxii) Budgetary allocation in capital and revenue head to Army;
- (xxiii) Status of army equipment which remains wintage
- (xxiv) Effect of operational readiness expenditure on Army's maintenance, spares and logistic support
- (xxv) Plan or mechanism to accommodate 25 per cent Agneeveer and the rest others
- (xxvi) Budget to meet 30 per cent of new generation equipments

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The officials of Army then withdrew)

11. Thereafter, a Power Point presentation on the Air Force was made. This was followed by detailed deliberations on following issues:

- (i) Transformation of Air Force into a multi-domain capable aerospace park to protect our national interest
- (ii) Coordination of Air Force with Army and Navy
- (iii) procurement and upgrading of new aircarfts to maintain combat capability
- (iv) fully participation by Air Force in design and development of the LCA Mark2 and Anka's

- (v) fully operational of combat-capable helicopters like Apache, Prachand, and ALH Mark4 in the IAF.
- (vi) Responsibility of Air Force for air defence of the Indian airspace
- (vii) Role of critical combat Enablers like Airborne Early Warning Aircraft, flight refuellers and special Electronic Intelligence and surveillance platforms in Air Force
- (viii) Budgetary allocation to Air Force;
- (ix) capital budget earmarked for modernization for utilization in acquiring combat platforms and critical combat enablers
- (x) proposal to acquire air-to-air, air-to-ground and surface-to-air guided ammunition as well as loitering munitions
- (xi) Stress on self-reliance by Indian Air Force
- (xii) Commitment for Atmanirbharta by Air Force

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The officials of Air Force then withdrew)

12. Thereafter, a power point presentation on the Navy was also made before the Committee following which deliberations on the following issues were held:

- (i) Role of Navy in close coordination with Indian Coast Guard and other stakeholders
- (ii) Deployment of naval forces in overlapping missions
- (iii) Major activities undertaken by Navy
- (iv) Conduct of Theatre Level Exercise- TROPEX 25
- (v) Monitoring movement of Chinese Warships, Chinese Research Vessels and Pakistani Warships
- (vi) Anti-piracy operations by Navy;
- (vii) Role of Navy in Joint Operations and Exercises
- (viii) Establishment of Indian Navy Incubation Centre of Artificial Intelligence
- (ix) Use of AI Compute Centre, CRYSTAL for the development, training and testing of advanced AI models.
- (x) Indigenisation of Main Propulsion system to fill critical capability gap in self reliance

- (xi) Induction of stitched ship as Indian Naval Sailing Vessel 'Kaundinya' by Navy
- (xii) Steps taken for empowerment of Women in Navy
- (xiii) Increase indigenous contents in shipbuilding
- (xiv) Navy's capability development under the Atmanirbhar Bharat initiatives
- (xv) Budget allocation of Rs. 1,07,549.57 crore for FY 2026-27

Thereafter, the Members raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The officials of Navy then withdrew)

13. Thereafter, a Power Point Presentation on the working of Indian Coast Guard was made. This was followed by discussion on following points:

- (i) Deployment of donier aircrafts, interceptor boats, hovecraft and helicopters for close coast surveillance;
- (ii) Workforce of the Indian Coast Guard
- (iii) More allocation in BE 2026-27 as compared to RE 2025-26;
- (iv) Emerged as the fourth largest Coast Guard in the world
- (v) Commemorate the year as Swarnim Jayanti year
- (vi) Protection of lives in the ocean
- (vii) Reasons for less expenditure of allocated budget of previous year
- (viii) Import of equipment for Coast Guard

Thereafter, the Members raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The officials of Indian Coast Guard then withdrew)

14. Subsequently, a Power Point Presentation on the working of Defence Estates Organisation was made. This was followed by discussion on following points:

- (i) Allocation in BE in FY 2026-27;
- (ii) Duties of cantonment Board *i.e.* sanitation, drains and sewerage, water supply, primary education, health, roads, street lights and survey, etc.;
- (iii) Duties of cantonment Board *i.e.* sanitation, drains and sewerage, water supply, primary and secondary education, hospitals and dispensaries, roads, street lights and regulation of building construction, etc.;
- (iv) Environment and waste management works;

- (v) Provision of eChhawani-Digital portal for online municipal services;
- (vi) Grants-in-aid to the Contonment Board
- (vii) status of hospitals, dispensaries, AYUSH Centres, etc.
- (viii) Advanced health care infrastructure of Cantonment General hospitals
- (ix) Integration of PM GatiShakti Portal with Defence Estates Mapping
- (x) Successfully implementation of Bhoomi Raksha Portal
- (xi) Integration of Lease Renewal/extension Module of eChhawani with Real Time Record Management
- (xii) Telemedicine Services across all Cantonment General Hospitals and dispensaries
- (xiii) Policy issue about monetization of land
- (xiv) Policy relating to leases of land
- (xv) Litigations related to disputed land
- (xvi) Issues relating to transfer of land remined unutilized by Armed Forces
- (xvii) Proposal from the State Government for provision of Defence Land;

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The representatives of Directorate General Defence Estates then withdrew)

15. Thereafter, a Power Point presentation on Border Roads Organization was made. The deliberations were held on the subject on following points:

- (i) Budgetary allocations and Role of BRO in building roads in the challenging terrains and operational area
- (ii) Details on ongoing projects of BRO
- (iii) Construction of road projects in Indo-Myanmar border, Chhatisgarh Naxalite are Bhutan
- (iv) Rendering support by BRO in northern theatres and western theatres
- (v) Absorbation the concept of EPC contract
- (vi) Construction of primarily roads, bridges, tunnels, airfields and marine structure by BRO

- (vii) Challenges like geography challenges, snow, rainfall, land slides, etc. faced by BRO
- (viii) Construction of highest road on the Umling La Pass
- (ix) Allotment of grants to BRO for the FY i.e. Rs. 5994.13 crore which is 4 percent jump than previous allotment
- (x) Plan to built roads in Indo-China border
- (xi) Need for environment concerns to meet the complexities
- (xii) Issues relating to construction of pending roads in Ladakh, khardung La tunnel, Kargil Batalik road, Pahalgam Kishtwar road, etc. ;
- (xii) Deployment of local labourers to raise employment
- (xiii) Construction cost in making per kilometer road by BRO
- (xiv) Efforts for transferring of technologies and best practices with State Governments and other Central agencies

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The representatives of Border Roads Organization then withdrew)

16. After a brief introduction, a Power Point presentation on DGAFMS was made. The deliberations were held on the subject on following points:

- (i) Budgetary allocation and details regarding organizational structure of DGAFMS
- (ii) Mission of DGAFMS in delivery comprehensive medical care of the highest standard during operations as well as peacetime
- (iii) Mandate of the DGAFMS
- (iv) spread of the AFMS to the Army, Navy, Air Force, Coastguards, DRDO, Assam Rifles, NCC and Border Roads
- (iv) Healthcare establishments i.e. hospitals, sick bays and station medicare centres of DGAFMS
- (v) Echelon based medical care in AFMS
- (vi) Tele-consultation from ships and submarines as well as ambulances

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

(The representatives of DGAFMS then withdrew)

17. The representative of the NCC Department gave an overview of the organization with the help of a Power Point Presentation which was followed by deliberations on the following issues/topics:

- (i) Budgetary allocation and overview of NCC
- (ii) Institutional training with primary focus on creating discipline and responsible citizen by NCC
- (iii) Annual training camps
- (iv) Organizing various camps i.e. Ek Bharat Shrestha Bharat, All India Thal Sainik Camp, India Vayu Sainik Camp, Advance Leadership Camp, Republic Day Camp
- (v) attachment of cadets to Army, Navy, Air Force units
- (vi) Training syllabus covering subjects i.e. National integration, social awareness, hygiene, disaster management
- (vii) weapon training and drill
- (viii) new initiatives i.e. drone training and cyber training
- (ix) skilled monthly start-up camps to inculcate a spirit of entrepreneurship and orientation and to promote new ideas
- (x) Adventure camps
- (xi) trekking camps, mountaineering, and microlight flying

Thereafter, the Membes raised clarifications on the issues related to budgetary allocations to which the representatives of the Ministry responded.

18. The Chairperson thanked the representatives of the Ministry of Defence for extensive discussion on the Demands for Grants and for responding to the queries of the Members. The Chairperson also requested the representatives to furnish information (which was not readily available) to the Secretariat expeditiously.

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

The Committee then adjourned.

STANDING COMMITTEE ON DEFENCE (2025-26)

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

The Committee sat on Friday, the 20th February, 2026 from 1100 hrs. to 1530 hrs.
in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Radha Mohan Singh — Chairperson

MEMBERS

Lok Sabha

2.	Dr. Rajeev Bharadwaj
3.	Shri Karti P. Chidambaram
4.	Captain Viriato Fernandes
5.	Shri Mohammad Haneefa
6.	Ms. S. Jothimani
7.	Shri Shashank Mani
8.	Shri Jagadish Shettar
9.	Shri Virendra Singh
10.	Shri Kesineni Sivanath
11.	Shri Richard Vanlalhmangaiha
	<i>Rajya Sabha</i>
12.	Shri Naresh Bansal
13.	Shri Muzibulla Khan
14.	Dr. Ashok Kumar Mittal
15.	Shri Ujjwal Deorao Nikam
16.	Dr. Sudhanshu Trivedi

SECRETARIAT

1. Smt. Jyochnamayi Sinha — Joint Secretary

2. Shri Amrish Kumar — Director
3. Shri Ajay Kumar Prasad--- Deputy Secretary

Ministry of Defence
LIST OF WITNESSES

Sl. No.	Name &	Designation
1.	<u>DPSUs</u>	
01	Shri Sanjeev Kumar	Secretary (DP)
02	Shri Raj Kumar Arora	FADS
03	Shri Dinesh Mahor	AS(DP)
04	Ms. Manisha Chandra	JS(Aero)
05	Dr D K Sunil	CMD HAL
06.	Shri Manoj Jain	CMD BEL
07	Cmde A Madhavrao	CMD BDL
08.	Shri Shantanu Roy	CMD BEML Ltd.
09.	Dr S.V.S. Narayana Murty	MIDHANI
10.	Capt Jagmohan	CMD, MDL
11.	Cmde P R Hari	CMD, GRSE
12.	Shri Brajesh Kumar Upadhyay	CMD GSL
13.	Cmde Hemant Khatri	CMD, HSL
14.	Shri Anil Kumar	DDG
15.	Shri Rajeev Prakash	JS(NS)

16.	Shri Amit Satija	JS(DIP)
17.	Smt. Ishita Ganguli Tripathy	Addl. FA & JS
18.	Shri Siddhartha Singh Longjam	AS & FA(Acq)
19.	Shri Eddie Lalrinliana Khawlhring	Addl. FA & JS
20.	Shri Sanjay Kumar	Addl. FA & JS
21.	Shri Amitabh Ranjan Sinha	Addl. FA & JS
22.	Ms. Meera Mohanty	JS(P&C)

2. New DPSUs

1	Shri Sanjeev Kumar	Secretary (DP)
2	Shri Raj Kumar Arora	FADS
3	Shri Dinesh Mahor	AS(DP)
4	Dr. Garima Bhagat	Joint Secretary (Land Systems)
8	Smt. Ishita Ganguli Tripathy	Addl. FA & JS
6	Shri Shrish Kumar	Addl. DGO (C&S)
7	Ms. Sunita Mansukhani	DDG(Budget)
8	Shri Rakesh Kumar Tiwari	Sr. DDG (NDCD)
9	Shri Sanjay Hazari	CMD MIL
10	Shri Sanjay Dwivedi	CMD AVANI
11	Shri Umesh Singh	CMD AWEIL
12	Dr. Sunil Date	CMD TCL

13	Shri M. C. Balasubramaniam	CMD GIL
14	Shri Vijay Kumar Iyer	CMD YIL
15	Shri Tushar Tripathi	CMD IOL
16	Shri Manoj Kumar Singh	DDG(NDCE-I)
17	Shri Neeraj Agrawal	DDG & OSD(DOMW)

3. DGQA & DGAQA

1.	Shri Sanjeev Kumar	Secretary (DP)
2	Shri Raj Kumar Arora	FADS
3	Shri Dinesh Mahor	AS(DP)
4	Dr. Garima Bhagat	Joint Secretary (Land Systems)
5	Ms. Manisha Chandra	JS(Aero)
6	Smt. Ishita Ganguli Tripathy	Addl. FA & JS
7	Shri N Manoharan	DG, DGQA
8	Smt. Neena Mishra	PD(Budget)
9	Brig S J Varughese	Offg ADG QA(PP&T)
10.	Shri Nagaraja RB	Director General, DGAQA
11.	Shri C Ramesh	Addl. Director General, DGAQA

4. DRDO

1	Dr. Samir Venkatpati Kamat	Secretary (DDR&D) & Chairman DRDO
2	Shri Raj Kumar Arora	FADS

3	Smt. Ishita Ganguli Tripathy	Addl. FA & JS
4	Shri Lal Chand Mangal	DS & DG(TM)
5	Dr (Ms) Chandrika Kaushik	DS & DG (PC &SI)
6	Dr. Mayank Dwivedi	OS & DG(HR)
7	K,Dr. Ravindra Singh	OS & DG(R&M)
8	Sh. Vipin Kumar Kaushik	OS & Director, DRPPI
9	Dr. Sumit Goswami	Sc 'G' & Director, P&C
10	Dr. Maiya Din	Sc 'G' & Director, DFMM

5. Ex-Servicemen Welfare

1	Ms. Sukriti Likhi	Secretary (ESW)
2	Shri Raj Kumar Arora	FADS
3	Air Marshal Manoj Kumar Mehra	ACAS(Accounts & AV)
4	Lt Gen VPS Kaushik	Adjutant General
5	Lt Gen Ulhas Kirpekar	DGFP
6	Shri Vishvajit Sahay	CGDA
7	Shri Kanwaldeep Singh	PCDA(Pension)
8	Shri Ajay Kumar	Jt. Secretary, ESW
9	Smt. Ishita Ganguli Tripathy	Addl. FA & JS
10	Maj Gen TS Bains	ADGFP
11	Rear Admiral Aditya Hara	ACOP (AC)
12	Maj Gen SBK Singh	DG(R)
13	Maj Gen Anil Chandel	MD, ECHS
14	Smt. Molly Sengupta	Jt. CGDA(Pension)

2. At the outset, the Chairperson welcomed the representatives of Ministry of Defence to the Sitting of the Committee convened to deliberate upon Defence Public Sector Undertakings (DPSUs), Directorate of Ordnance(Coordination and Services)-New DPSUs, Directorate General of Quality Assurance (DGQA), Directorate General of Aeronautical Quality Assurance (DGAQA), in connection with examination of Demands for Grants of the Ministry of Defence for the year 2026-27.

3 Later, drawing attention to Direction 55(1) of the Direction by the Speaker, Lok Sabha to treat the deliberations of the sittings as 'confidential', he requested the representatives of the Ministry to give an overview of the subject after introducing themselves.

4. After formal introduction, the Secretary, Defence Production initiated the discussion by highlighting the works of the department which includes production and promotion of defence equipments in country, attracting more companies including DPSUs and private sector companies towards defence sector to create an adequate supply chain, encouraging export of defence products and briefly highlighted various steps taken towards indigenization and self reliance. Thereafter, the secretary sought permission from the Committee to present a detailed presentation through PPT by the Joint Secretary of the Department. The highlights of the presentation given by the Joint Secretary are as under:

(i) mandate of the department is to achieve self reliance in design, development and production of defence equipment, to promote indigenization, to promote export, to improve R&D, promote innovations, to increase public & private sector participation including MSMEs & Startups and to improve investments including FDI.

(ii) Self Reliance/ Indigenisation Initiatives through Make Procedures(Make-I/II/III) to promote indigenous design, development and manufacturing, SRIJAN portal to bring private industry into indigenisation drive, notification of 5 Positive Indigenisation List, Launch of Innovation for Defence Excellence (iDEX) to foster innovation and technology development by engaging MSMEs and Startups etc.

(iii) Initiatives taken for Export promotion- Streamlining of SOP for ease of business, setting up of Defence Export Promotion Wing, export to almost 100 nations, promotion of Brand India scheme through Defence Attaches and Export value of Rs. 27085 achieved till 31.01.2026.

(iv) Defence manufacturing licensing have been streamlined resulting in drastiv reduction in processing time from 8 weeks to 4 weeks. 824 industrial licences issued so far.

(v) Other major reforms – Defence testing portal, launch of Digital Database of Inidan Defence Companies, R&D roadmap for DPSUs for next 5yrs., setting up strategic mental bank of critical materials.

(vi) Major achievements- Defence production of more than 1 lakh crore and export of Rs 27,000 crore crossed till 31.12.2025, 15,500 plus items indigenised.

5. Thereafter, a Power Point Presentation was made by the CMDs of all nine Defence Public Sector Undertakings (DPSUs) viz. Hindustan Aeronautics Limited, Bharat Electronics Limited, Bharat Dynamics Limited, BEML Limited, Mishra Dhatu Nigam Limited, Mazagon Dock Shipbuilders Limited, Garden Reach Shipbuilders and Engineers Limited, Goa Shipyard Limited, and Hindustan Shipyard Limited. Focus of their presentation was on overview, financial performances, major achievements, major projects/orders ongoing/completed, R&D and Exports. This was followed by detailed deliberations on the following issues:

- (i) Time bound delivery of critical projects.
- (ii) Order Book position.
- (iii) Use of AI in defect detection in manufacturing line.
- (iv) increasing share of export by DPSUs in India's export.
- (v) allocation for R&D.
- (vi) CSR Spending by DPSUs.
- (vii) Impact of accidents on orders.
- (viii) reserve of rare materials which are useful for defence equipment and production.
- (ix) increasing production of naval fleets and submarines.
- (x) Profitability of DPSUs.
- (xi) Focus on Indigenisation and self reliance.
- (xii) Structured coordination between DPSUs and Private sector on defence as well as civilian production to make India a global manufacturing hub.
- (xiii) periodic technical assessment and adaptive allocation.

(The representatives of the DPSUs then withdrew and representative of Directorate of Ordnance(Coordination and Services) came in.)

6. After introduction of the representative of Directorate of Ordnance (Cord. & Serv.), a brief overview regarding seven new DPSUs was presented by the Joint Secretary. Then CMDs of all new DPSUs made a Power Point Presentation before the Committee highlighting their financial position including revenue and order books. This was followed by detailed deliberations on the following issues:

- (i) CAPEX support to new DPSUs.
- (ii) Overlapping of products produced by new DPSUs.
- (iii) Export by new DPSUs.
- (iv) Source of raw materials.
- (v) manufacturing of anti land mine vehicles.
- (vi) Indigenisation.
- (vii) Expenditure on R&D.
- (viii) Issue of Merger and difficulties faced by employees.

(The witnesses then withdrew and representatives Directorate General of Quality Assurance (DGQA) & Directorate General of Aeronautical Quality Assurance (DGAQA came in.)

7. The Director Generals of DGQA and DGAQA gave an overview of their respective organizations with the help of a Power Point Presentation highlighting the role and functions of both the organizations along with budgetary allocation made and the funds utilized which was followed by deliberations on the following issues/topics:

- (i) Extent of role of DGAQA.
- (ii) Underlying issues behind the crash of legacy aircrafts and trainers aircrafts.
- (iii) Operational clearance for indigenous platforms like Tejas and LCH.
- (iv) Nature of quality assurance in foreign collaboration projects.

(The witnesses then withdrew and representatives of Ministry and Defence Research and Development Organisation (DRDO) came in after the lunch break)

8. The Chairperson welcomed the representatives of Ministry of Defence to the Sitting of the Committee convened to deliberate upon Defence Research and Development Organisation (DRDO), Defence Pension, Welfare of Ex-Servicemen, Ex-servicemen Contributory Health Scheme (ECHS) in connection with examination of Demands for Grants of the Ministry of Defence for the year 2026-27.

9. Later, drawing attention to Direction 55(1) of the Direction by the Speaker, Lok Sabha to treat the deliberations of the sittings as 'confidential', he requested the representatives of the Ministry to give an overview of the subject after introducing themselves.

10. The representatives of the Department of Defence R&D gave an overview of the the organization with the help of a Power Point Presentation highlighting their financial overview comprising of budgetary allocation and expenditures, which was followed by deliberations on the following issues/topics:

- (i) Role of DRDO in changing scenario.
- (ii) Retention of scientists in light of salary of their counterparts in private sector.
- (iii) Commercialization of cutting-edge innovation and research for obtaining financial self sufficiency.
- (iv) Development of ICBM.
- (v) Increasing budgetary support up to 10% of defence budget and optimum utilization of sanctioned allocations.
- (vi) Partnership with academia, startups and industries.
- (v) Support to agriculture and allied sectors through research.
- (vi) Timely completion of R&D projects.
- vii) Conceptualisations of emerging/invisible/ unforeseen technologies.

11. After concluding discussion on Department of Defence R&D, representatives of Department of Ex-Servicemen Welfare (Defence Pension, Welfare of Ex-Servicemen & Ex-Servicemen Contributory Health Scheme (ECHS) gave an overview of the organization with the help of Power Point presentation highlighting administrative and financial matters relating to Armed Forces Veterans (Ex- Servicemen) including pensioners, Armed Forced Veterans (Ex- Servicemen) Contributory Health Scheme (ECHS) and Matters relating to Directorate General of Resttlements. This was followed by detailed deliberations on the following issues/topics:

- (i) Clearance of Pending bills of empanelled hospitals.
- (ii) Shortfall of medical specialists in polyclinics.
- (iii) Clearance of OROP dues.
- (iv) Reconsideration of issues relating to bringing Disability Pension in under Income Tax.
- (v) Relaxation of age limit for Ex- Servicemen for UPSC exams.

- (vi) Reservation for Children of Ex-Servicemen in education.
- (vii) Employment of Ex Servicemen.
- (viii) Setting up of ECHS facilities in Kargil districts.
- (ix) Upgradation of Polyclinics.
- (x) Reform in referral system for ECHS beneficiaries.
- (xi) Mobile Polyclinics.
- (xii) Increasing allocation for serious disease/ cancer/ dialysis grants.
- (xiii) Ensuring benefits of rightful claims of veterans.

12. The Chairperson, then, thanked the representatives of the Ministry of Defence for extensive discussion on the Demands for Grants and for responding to the queries of the Members. The Chairperson also requested the representatives to furnish information to the Secretariat expeditiously.

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

The Committee then adjourned.

STANDING COMMITTEE ON DEFENCE (2025-26)

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

The Committee sat on Monday, the 16th March, 2026 from 1600 hrs. to 1616 hrs. in the Committee Room No. '62', Samvidhan Sadan, New Delhi.

PRESENT

Shri Radha Mohan Singh - **Chairperson**

MEMBERS

Lok Sabha

- 2 Dr. Rajeev Bharadwaj
- 3 Shri Karti P. Chidambaram
- 4 Shri Lumbaram Choudhary
- 5 Captain Viriato Fernandes
- 6 Shri Rahul Gandhi
- 7 Shri Ravindra Shukla Alias Ravi Kishan
- 8 Shri Shashank Mani
- 9 Smt. Mahua Moitra
- 10 Shri Jagadish Shettar
- 11 Shri Virendra Singh
- 12 Shri Richard Vanlalhmangaiha

Rajya Sabha

- 13 Shri Naresh Bansal
- 14 Shri Damodar Rao Divakonda
- 15 Shri Muzibulla Khan
- 16 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. The Committee then took up for consideration the following draft Reports:-

- (i) **Demands for Grants of the Ministry of Defence for the year 2026-27 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) **Demands for Grants of the Ministry of Defence for the year 2026-27 on 'Army, Air Force, Navy, Joint Staff, Ex-Servicemen Contributory Health Scheme and Director General of Armed Forces Medical Services (Demand Nos. 20 and 21)';**
- (iii) **Demands for Grants of the Ministry of Defence for the year 2026-27 on 'Capital Outlay on Defence Services, Defence Planning, Procurement Policy and Defence Pensions (Demand Nos. 21 and 22)';**
- (iv) **Demands for Grants of the Ministry of Defence for the year 2026-27 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)'; and**
- (v) **Draft Report on the subject 'Review of Sainik Schools, Rashtriya Indian Military College (RIMC) and Rashtriya Military Schools'.**

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

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

5. ****Does not pertain to the report****

The Committee then adjourned.
