

22

STANDING COMMITTEE ON DEFENCE

(2025-26)

(EIGHTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS (2026-27)

**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)

TWENTY-SECOND REPORT



LOK SABHA SECRETARIAT

NEW DELHI

March, 2026 / Phalguna 1947 (Saka)

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ASSURANCE AND NATIONAL CADET CORPS**

(DEMAND NOS. 20 AND 21)

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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held on 19.02.2026, 20.02.2026 and 16.03.2026. 119

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

SHRI RADHA MOHAN SINGH

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4	Shri Lumbaram Choudhary
5	Shri Ranjit Dutta
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1. Smt. Jyochnamayi Sinha - Joint Secretary
2. Shri Amrish Kumar - Director
3. Shri Ajay Kumar Prasad - Deputy Secretary
4. Shri Kaushik Kumar - Assistant Committee Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2025-26), having been authorised by the Committee, present this Twenty-Second Report (18th Lok Sabha) on 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).'

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

Defence Public Sector Undertakings (DPSUs)

Introduction

The Committee have learnt that the Department of Defence Production (DDP) was set up in November 1962 with the objective of developing a comprehensive production infrastructure to produce the weapons, systems, platforms, equipment required for defence. Over the years, the Department has established wide ranging production facilities for various defence equipment through Defence Public Sector Undertakings (DPSUs) and also facilitated private defence industry. The products manufactured include arms and ammunition, tanks, armoured vehicles, heavy vehicles, fighter aircrafts and helicopters, warships, submarines, missiles, ammunition, electronic equipment, earth moving equipment, special alloys and special purpose steels.

The mandate of this Department include achievement of self-reliance in design, development and production of defence equipment, promotion of Indigenisation, promotion of exports, improvement in R&D, promotion of innovations, increasing public & private sector participation including MSMEs & Startups, improving investments including Foreign Direct Investment (FDI) and ensuring quality and timely delivery to Indian Armed Forces. There are 16 Central Public Sector Undertakings under the administrative control of the Department of Defence Production, Ministry of Defence. This chapter contains examination of the following 9 old DPSUs under the administrative control of the Department of Defence Production, Ministry of Defence:

- (i) Hindustan Aeronautics Limited (HAL)
- (ii) Bharat Electronics Limited (BEL)
- (iii) Bharat Dynamics Limited (BDL)
- (iv) BEML Limited
- (v) Mishra Dhatu Nigam Limited (MIDHANI)
- (vi) Mazagon Dock Shipbuilders Limited (MDL)
- (vii) Garden Reach Shipbuilders and Engineers Limited (GRSE)
- (viii) Goa Shipyard Limited (GSL)
- (ix) Hindustan Shipyard Limited (HSL)

The new 7 DPSUs (erstwhile Ordnance Factories) are examined separately in detail in a subsequent chapter of the Report.

1.2 MANDATE OF THE DEPARTMENT

The Committee have been apprised by the Ministry about Mandate of the Department of Defence Production is as under:



The Ministry while deposing before the Committee, stated the following facts regarding Mandate of the Department in Defence Production:

“हमारे विभाग का प्रमुख कार्य भारत में रक्षा सामग्री का निर्माण करना और उसको बढ़ावा देना है। इस कार्य के लिए रक्षा उत्पादन के क्षेत्र में अधिक से अधिक कंपनियों को आकर्षित कर और जो पहले से कार्यरत कंपनियां हैं, जिसमें दोनों, पब्लिक सेक्टर व प्राइवेट सेक्टर की कंपनियां शामिल हैं, उनको प्रोत्साहित करना है। इसी क्रम में भारत से रक्षा उत्पादनों के निर्यात को बढ़ाना भी हमारे विभाग के दायित्व में आता है। रक्षा उत्पादन के लिए एक सक्षम सप्लाय चैन का निर्माण करने के लिए एमएसएमई व स्टार्ट अप कंपनीज़ को अट्रैक्ट

करके उन्हें डिफेंस सेक्टर में स्थापित करने के लिए मदद करना भी हमारा दायित्व है। स्टार्टअप व एमएसएमई को इस क्षेत्र में प्रवेश देने के लिए व हमारी आर्म्ड फोर्स की जरूरतों को नवाचार के माध्यम से पूर्ण करने के लिए हमारा विभाग iDEX के नाम से एक योजना चलाता है। स्वदेशीकरण के लिए हमारा विभाग 'सृजनपोर्टल' के माध्यम से आयात किए जाने वाले रक्षाउत्पादकों को भारत में निर्माण करने का अवसर भारतीय उद्योगों को देता है।

सर, इन विषयों पर हमारे विभाग के संयुक्त सचिव आपकी अनुमति के बाद में जो प्रेजेंटेशन करेंगे, उसमें उसके बारे में संक्षिप्त में उल्लेख करेंगे। सृजन पोर्टल के अतिरिक्त हमने पांच पॉजिटिव इंडिजिनाइजेशन लिस्ट चिह्नित की हैं और उनको नोटिफाई किया है, जिनका हम प्रायोरिटी पर स्वदेशीकरण करना चाहते हैं। इसके अलावा हमारे विभाग में 16 सार्वजनिक क्षेत्र की जो कंपनियां हैं, जिसमें से 9 का आज मॉर्निंग सेशन में प्रस्तुतीकरण है। उनका प्रशासकीय विभाग भी हमारा विभाग है और उनके बारे में सीएमडी प्रेजेंटेशन करेंगे। विगत वर्षों में प्राइवेट सेक्टर को अट्रैक्ट करने के लिए तथा कार्यरत कंपनियों की कार्य सुलभता के लिए हमारे विभाग ने कई कदम उठाए हैं,"

1.3 Defence Industry in the country: Major Achievements

The representative of the Ministry in a presentation to the Committee provided the following information with regard to the major achievements of the defence industries in the country:

MAJOR ACHIEVEMENTS

	FY 2023-24	FY 2024-25	FY 2025-26(31.12.2025)
Defence Production (in Rs Cr)	1,27,435	1,54,071	1,02,383(Prov.)
Defence Exports (in Rs Cr)	21,083	23,622	25,929
Items indigenized (cumulative) (In No.)	11,700+ items	13,900+ items	15,500+items
Startups/MSMEs engaged (cumulative) (In No.)	475	632	673
Challenges opened to Startups /MSMEs (cumulative) (In No.)	465	550	566
Industrial License (cumulative) (In No.)	668	713	820

1.4 Financial performance of old DPSUs

The Ministry during the evidence apprised the Committee about the financial performance including turnover, profit after Ta(PAT), exports, Capex, R & D expenditure and order book position of nine old DPSUs as follows:

(a) Hindustan Aeronautics Ltd (HAL)

FINANCIAL PERFORMANCE

(in Rs Cr)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26(upto Q3)
Turnover	24,362	26,361	28,162	30,105	18192
PAT	5,087	5,811	7,595	8,317	4,891
Export	168	294	311	400	186
Capex	1,622	2,082	2,168	2,026	1,450
R&D Expenditure	1,967	2,494	2,826	2,482	1,690
Order Book Position	82,154	81,784	94,129	1,89,302	2,53,216

(b) Bharat Electronics Ltd (BEL)

FINANCIAL PERFORMANCE

(in Rs Cr)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 (upto Q3)
Turnover	15,044	17,333	19,820	23,024	17,302
PAT	2,349	3,007	4,020	5,288	3,845
Export	236	395	764	892	509
Capex	566	541	650	908	586
R&D Expenditure	1,045	1,088	1,236	1,472	1,300
Order Book Position	57,570	60,690	76,000	71,650	73,105

(c) Bharat Dynamics Ltd (BDL)

FINANCIAL PERFORMANCE

(in Rs.Cr)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26(upto Q3)
Turnover	2,817	2,489	2,369	3,345	1,962
PAT	500	352	613	550	307
Export	3	97	161	1270	643
Capex	103	114	82	283	115
R&D Expenditure	48	152	75	223	67
Order Book Position	13,140	20,054	19,434	22,814	26,300

(d) BEML Ltd

FINANCIAL PERFORMANCE

(in Rs Cr)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26(upto Q3)
Turnover	4,337	3,899	4,054	4,022	2,556
PAT	135	159	283	294	(46)
Export	565	830	1066	298	71
Capex	36	31	87	199	261
R&D Expenditure	103	75	87	101	94
Order Book Position	9,192	8,570	11,872	14,610	16,349

(e) Mishra Dhatu Nigam Ltd (MIDHANI)

FINANCIAL PERFORMANCE

(in Rs. Cr.)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26(upto Q3)
Turnover	859.49	871.94	1072.67	1074.10	655.88
PAT	176.31	155.88	91.26	110.07	53.04
Export	87.02	37.45	66.24	94.19	28.73
Capex	126.29	75.81	78.89	49.92	31.33
R&D Expenditure	6.82	20.27	18.36	24.18	5.77
Order Book Position	1,317	1,331	1,580	1,832	2,440

(f) Mazagon Dock Shipbuilders Ltd (MDL)

FINANCIAL PERFORMANCE

(in Rs. Cr.)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26(upto Q3)
Turnover	5,733	7,827	9,467	11,432	9,156
PAT	586	1,073	1,845	2,325	1,972
Export	03	06	15	60	72
Capex	245	116	310	480	240
R&D Expenditure	75	96	97	118	150
Order Book Position	45,874	38,755	38,561	32,260	23,758

(g) Garden Reach Shipbuilders & Engineers Ltd. (GRSE)

FINANCIAL PERFORMANCE

(in Rs Cr)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26(upto Q3)
Turnover	1748.35	2547.84	3,588.46	5070.98	4878.41
PAT	189.53	228.12	357.27	527.40	445
Export	60.94	59.78	46.90	73.63	154
Capex	43.99	42.91	49.52	68.45	54
R&D Expenditure	12.92	13.65	23.95	29.39	23
Order Book Position	24,103.60	25,111.30	22,652.68	22,680.75	18,482.62

(h) Goa Shipyard Ltd(GSL)

FINANCIAL PERFORMANCE

(in Rs Cr)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26(upto Q3)
Turnover	703.70	824.97	1635.71	2,800.85	2,830.00
PAT	101.09	154.54	271.32	288.44	243.87
Export	1.10	37.85	37.49	82.04	77.39
Capex	110.06	57.72	30.06	28.85	22.13
R&D Expenditure	8.17	10.00	15.47	18.52	12.79
Order Book Position	14,705.14	20,146.03	18,562.45	16,193.04	13,691.26

(i) Hindustan Shipyard Ltd (HSL)

FINANCIAL PERFORMANCE

(in Rs. Cr)

Parameter	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26(upto Q3)
Turnover	727.80	1072.93	1373.32	1470.79	1048
PAT	50.77	65.23	118.82	213.48	138
CAPEX	5.58	13.42	25.31	127.62	142
Order Book Position	2,184	1,550	19,841	18,922	18,325
R&D Expenditure	-	0.12	1.21	2.45	1.50

The representatives of PSUs while deposing before the Committee on the financial performance of old DPSUs gave an overview of working financial performance, R & D, ongoing projects, exports and alignments.

(j) Hindustan Aeronautics Ltd (HAL)

CMD, HAL apprised the Committee as under:-

“ This is an overview of the products of HAL. We design, develop, and manufacture various aircraft, helicopters, transport aircraft, engines, avionics, and accessories related to aircraft. We have ten R&D centres, twenty divisions, seven states, and ten geographical locations. Our forte is, today, the indigenous development of platforms such as the Prachand, the HTT-40 basic trainer aircraft, and the latest, which recently

took its first flight, the Dhruv new generation, Dhruv-NG, intended for the civil market. It will be certified by the DGCA. We have already received an order for ten helicopters from Pawan Hans for deployment with ONGC on their offshore platforms. So, this marks our foray into the civil segment.

This is our financial performance. As you can see, the turnover has been growing year-on-year. Last year, our PAT exports were also very comfortable. In terms of CAPEX, we are investing about Rs. 2,000 crore a year. Consistently, our R&D expenditure is upwards of Rs. 2,500 crore, and this will increase in the years to come. We allocate about eight per cent to nine per cent of our turnover to R&D, which is comparable to the benchmarks of any global company. We maintain a comfortable order book position, primarily consisting of the 180 LCA Mark I Alphas, the Prachand 156, and other orders in the helicopter and engine segments.

These are the major achievements of this year. Regarding the LCA Mark I Alpha, we have five aircraft ready. We have successfully completed the integration of the radar and DWU. We have also successfully completed the ASRAAM testing for air-to-air missiles and the ASTRA beyond visual range missile. These tests have been successful for the Tejas Mark I Alpha. Furthermore, we have opened the third line at Nasik for the Tejas to enhance capacity to twenty-four. Additionally, we have established a second line for the HTT-40 in Nasik for production, and we have already produced the first three aircraft.

There was a comment from the COPU regarding R&D and the processes involved. So, we appointed a committee, a company that benchmarked our R&D against global companies, and that R&D manual has now been issued. This has become a template for all the DPSUs on how to enhance visibility and risk assessment in undertaking R&D projects. As I mentioned, the maiden flight of the Dhruv-NG was completed in December.

We signed a contract with M/S Pawan Hans in Hyderabad. We also got an order for two Hindustan-228 18-seater civil transport aircraft to Guyana. We had already supplied two in the previous financial year. We have an order which will be supplied by March of this year. We have signed a contract with Indian Coast Guard recently for 08 Dornier at approximately 2000 plus crores. We have also signed a significant MoU with United Aircraft Corporation, Russia for production of the SJ-100 civil commuter

aircraft which is a 103 seater aircraft, which we will be producing and we will start the production in three years. We had brought this aircraft to Wings India to showcase and it was received very well by the operators. These are the major orders that we have completed. Of the first 40, we have finished the first 20 and the FOCs were also delivered. We have delivered 72 Dhruv. For Dornier in the current year, we have a large order for the mid life upgrade. The Prachand, we had delivered 15 in advance and now they are already in the field and based on that, we got 156 orders for Army and Air Force.

This slide shows the ongoing projects. Currently, we have an order for supplying 34 Dhruv, 180 Tejas (Mk1A), 156 Prachand which is the attack helicopter. We have an order for 12 Su-30 MKIs. We are restarting the line which was closed in 2019. We are restarting it to produce these 12 aircrafts. We have also got an order for 240 AL31FP Engines. We are already delivering these engines. This year's we will be delivering in folds of 30.

This slide shows the R&D efforts. The R&D expenditure itself is about 8 to 9 per cent of our turnover, 2500 crores. We have filed 2700 plus IPRs. We have 350 patents and we also work with IITs. These are just representative of some of the important projects that we are doing with IIT, Bombay and the other IITs. We have developed a lot of new technologies in terms of integration of the ASTRA, Automatic Flight Control System, avionics and small engines like the GTEG-60, which was a replacement for the earlier An-32, since we had problems with Ukraine. We have developed and certified this gas turbine engine. Also, the software defined radio which is going to be the mainstay of all database in future. HAL has developed this and we have already integrated on major platforms."

(ii) Bharat Electronics Ltd (BEL)

CMD, BEL apprised the Committee as under:-

“पिछले साल हमने 23 हजार करोड़ रुपये का टर्नओवर किया था, इस साल अभी तक 17300 करोड़ रुपये का हो चुका है और हमें उम्मीद है कि इस साल हम 26 हजार करोड़ रुपये से ज्यादा का टर्नओवर करेंगे। 17 परसेंट एनुअल ग्रोथ का टारगेट हम रखकर आगे

बढ़ रहे हैं। प्रोफिट ऑफ्टर टैक्स भी इनक्रीज हो रहा है। एक्सपोर्ट का हमने 15 से 20 परसेंट ईयर ऑन ईयर ग्रोथ का हमने टारगेट रखा है। पिछले साल हमने 892 करोड़ रुपये एक्सपोर्ट का टर्नओवर किया था। इस साल 1000-1100 करोड़ रुपये के आसपास पहुंचने की कोशिश कर रहे हैं। इसी तरह से कैपेक्स में जो इनवेस्टमेंट है, वह हम बढ़ा रहे हैं। पिछले साल 908 करोड़ रुपये किया था और इस साल एक हजार करोड़ रुपये के ऊपर करने का प्रयास है। आर एंड डी एक्सपेंडिचर पिछले साल 1472 करोड़ रुपये था और इस साल हमने अभी तक 1300 करोड़ रुपये का कर लिया है और इसे हम 1800 करोड़ रुपये के आसपास करने का प्रयास कर रहे हैं। ऑर्डर बुक पोजिशन हमारी हेल्दी है और हम आगे बढ़ रहे हैं।”

(iii) Mishra Dhatu Nigam Ltd (MIDHANI)

CMD, MIDHANI apprised the Committee as under:-

“MIDHANI’s turnover up to Q3 is 655 crore and we expect that we will be beating the last year performance. Profit after tax up to Q3 is 53. Also, we will be exceeding the previous year performance. Exports are 28.73. There is a reduction. We expect about 50 crores compared to 94 crores in the previous year. Capex up to Q3 is about 31.33 crore. We expect to have about 40 crores expenditure. R&D expenditure is 5.77. There are certain things that we need to book. May be by Q4 end, we will be able to make up to 8 crores. Our order book position is good at 2,440 crores.”

(iv) Garden Reach Shipbuilders & Engineers Ltd (GRSE)

CMD, GRSE apprised the Committee as under:-

“Our financial performance has been on an upward turn. Since last four years, we have maintained the CAGR of nearly 25 per cent. Last year, our revenue from operations was 5071 crores. In Q3, for the first nine months, we have blocked 4879 crores and we are confident of maintaining the same 25 per cent CAGR this year also. Order book position for the first time in five years, our order book has come below

20,000 crores. यह पांच साल में पहली बार नीचे आ रहा है। हम इसे अच्छी न्यूज़ कंसीडर कर रहे हैं। That shows the order book is getting executed.”

(v) Goa Shipyard Ltd (GSL)

CMD, GSL apprised the Committee as under:-

“हमने पिछले चार साल में लगातार अपने टर्नओवर में बढ़ोतरी की है। पिछले साल 2800 करोड़ रुपये के आसपास टर्नओवर था, इस साल में हम तीन क्वार्टर में ही 2800 करोड़ रुपये का टारगेट अचीव कर चुके हैं और हम कॉन्फिडेंट हैं कि हम यह मोमेंटम बनाए रखेंगे। पैट पिछले साल हमारा 288 करोड़ रुपये का था, इस साल हम उसको 325 करोड़ रुपये तक ले जा रहे हैं। पिछले साल हमारा एक्सपोर्ट 82 करोड़ रुपये का था और अभी तक हम 77.38 करोड़ रुपये कर चुके हैं। We are confident that it will be crossing 110 crores. कैपेक्स भी हम इस साल 30 करोड़ रुपये के आसपास इस साल करेंगे। R&D expenditure will be going around 17 crores. Order book current is 13,691 हमें उम्मीद है कि हम इस साल एक कॉन्ट्रैक्ट साइन करेंगे जो हमारी ऑर्डर बुक को 30 हजार करोड़ रुपये के ऊपर लेकर जाएगा। हम एक प्रोजेक्ट में सक्सैसफुल बिडर हैं। ”

(vi) Mazagon Dock Shipbuilders Ltd (MDL)

CMD, MDL apprised the Committee as under:-

“We have increased our turnover two-fold, from approximately Rs. 5,700 crore to Rs. 11,400 crore last year. We expect our turnover to be Rs. 12,000 crore this year. The profit after tax has also increased from around Rs. 586 crore to Rs. 2,300 crore, which is a four-fold increase in profit. We expect the profit to increase further this year. Our exports have also grown considerably. They were Rs. 60 crore last year, and we expect them to be more than Rs. 100 crore this year. CapEx has increased from approximately Rs. 245 crore four years back, and this year we expect it to cross Rs. 500 crore. R&D expenditure has also more than doubled, and we expect to cross Rs. 165 crore of R&D expenditure this year. The order book has slightly declined, as CMD,

GRSE was mentioning. This is primarily because of our good execution of projects. We expect large projects in the coming year.”

(vii) BEML Ltd:

CMD, BEML apprised the Committee as under:-

“हमारा इस साल क्वार्टर तीन तक का टर्नओवर 256 करोड़ रुपये का है। यह पिछले वर्ष के मुकाबले नौ प्रतिशत ज्यादा है। इस वर्ष के अंत तक हम कम से कम 15 परसेंट का ग्रोथ लेकर आएंगे। लास्ट क्वार्टर में पैट पोजिटिव हो जाएगा। पिछले वर्ष के अचीवमेंट से ऊपर जाएंगे। यह फिजिकल एक्सपोर्ट का नंबर है। डीमंड और फिजिकल मिलाकर इस वर्ष के अंत तक हम 110 करोड़ रुपये अचीव करेंगे। 2026-27 से फिजिकल एक्सपोर्ट 500 करोड़ रुपये करने की उम्मीद है। कैपेक्स इस वर्ष हम 280 करोड़ रुपये कर चुके हैं और हम 300 करोड़ रुपये तक इसको करेंगे। आर एंड डी एक्सपेंडिचर अभी तक हमारा 94 करोड़ रुपये हुआ है। लेकिन इसको हम 150 करोड़ रुपये तक करने का टारगेट है। ऑर्डर बुक पोजिशन में हमारी लगातार बढ़ोतरी रही है। 16349 करोड़ रुपये का ऑर्डर बुक है और हमें इसे 20 हजार करोड़ रुपये के पार ले जाने की कोशिश कर रहे हैं।”

(viii) Hindustan Shipyard Ltd (HSL)

CMD, HSL apprised the Committee as under:-

“Our performance has gone up phenomenally in the last four to five years. As part of a complete turnaround of the company, our turnover has increased by 72 per cent in the last five years. This year also, in the ending financial year, it will increase by another 20 per cent. As we started increasing the turnover and the associated profits, we began looking into the future and investing in infrastructure and CapEx, building up our capacities. Last year, we increased the CapEx target by 28 per cent as against the set

target of Rs. 100 crore. Now, in this financial year, we are almost doubling it to Rs. 250 crore. For the next four years, we have a master plan to invest another Rs. 500 to Rs. 600 crore in CapEx. Our PAT has also increased four times in the last four years. We are moving ahead with a healthy order book position, and another Rs. 6,000 crore of orders are likely to be signed in this financial year.”

(ix) Bharat Dynamics Ltd (BDL)

CMD, BDL apprised the Committee as under:-

“हमने पिछले साल 35 परसेंट की बढ़ोतरी की है और दो हजार करोड़ रुपये की अभी तक की है और मार्च अंत तक हम 25 परसेंट इनक्रीज़ पिछले साल के मुकाबले करेंगे। इस साल हम दो सौ करोड़ रुपये का कैपेक्स करेंगे। अभी तक 115 करोड़ रुपये हुए हैं। आर एंड डी में 67 करोड़ रुपये हैं लेकिन साल के अंत तक हम 280 करोड़ रुपये खर्च करेंगे। हमारी ऑर्डर बुक भी काफी हेल्दी है। .”

1.5 Year-wise profits for the last 5 years

The Ministry provided the following data on Profit figures of each of the DPSUs (DPSU- wise) during the current and last 5 years as follows:

							PAT (Rs in Cr)
SI	DPSUs	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1	HAL	3,239	5,087	5,811	7,595	8,317	Profit After Tax(PAT) of DPSUs for current year will be available only after finalization
2	BEL	2,065	2,349	3,007	4,020	5,288	
3	BEML	75	135	159	283	294	
4	BDL	258	500	352	613	749	
5	MIDHANI	166.29	176.31	155.88	91.26	110.07	

6	MDL	479.57	586.47	1072.72	1845.43	2324.88	of accounts in FY 2026	
7	GRSE	153.47	189.53	228.12	357.27	527.40		
8	GSL	127.91	101.09	154.54	271.32	288.44		
9	HSL	(14)	51	65	119	213		
		Reason for loss: Due to COVID-19 pandemic and nationwide lockdown						

1.6 Major Projects being executed by old DPSUs for Armed Forces

The Ministry apprised the Committee about the major projects being serviced by the old DPSUs for the requirements of Armed forces which are given below:

(i) Hindustan Aeronautics Limited (HAL): HAL is presently executing major projects worth Rs. 2,22,182 Cr with timeline for delivery -March 2034 which include Light Combat Aircraft (LCA) MK1A; Hindustan Turbo Trainer (HTT-40); and Dornier (Do-228) etc.

(ii) Bharat Electronics Limited (BEL): BEL is presently executing major projects worth Rs. 28,655 Cr with timeline for delivery -Dec 2033 which include Long Range Surface to Air Missile (LRSAM) System; Weapon Locating Radar-Plains; Air Defense Control & Reporting System; and Improved Akash Weapon System (IAWS) etc.

(iii) BEML Limited: BEML is presently executing major projects worth Rs. 2,302 Cr with timeline for delivery March 2027 which include HMV 8X8 for PINAKA 5th to 10th Regiment; Command Post Vehicle (CPV); and 50 Ton trailer etc.

(iv) Bharat Dynamics Limited (BDL): BDL is presently executing major projects worth Rs. 19,731 Cr with timeline for delivery -March 2030 which include Konkurs-M ATGM; Akash; Astra Mk-I; NAG ATGM and Milan 2T etc.

(v) MIDHANI: MIDHANI is presently executing major project Command & Control Vehicle (Armoured) BR Jacket worth Rs 5.75 Cr with timeline for delivery -Feb 2026.

(vi) Mazagon Dock Shipbuilders Limited (MDL): MDL is presently executing major projects worth Rs. 29,896 Cr with timeline for delivery- July 2028 which include Medium Refit cum Life Certification (MRLC-2) of INS Shankush; Construction & integration of AIP Plug.

(vii) Garden Reach Shipbuilders & Engineers Ltd (GRSE): GRSE is presently executing major projects worth Rs 34,575 Cr with timeline for delivery -May 2028 which include P-

17A Frigate; Survey Vessel Large (SVL); Anti-Submarine Warfare Shallow Water Craft (ASW-SWC); 30 MM Naval Surface Gun and Next Generation Offshore Patrol Vessel (NGOPV).

(viii)Goa Shipyard Ltd(GSL): GSL is presently executing major projects worth Rs 21,096 Cr with timeline for delivery- Sep 2029 which include P11356 Frigate; Next Generation Offshore Patrol Vessels; and Pollution Control Vessels etc.

(ix)Hindustan Shipyard Ltd(HSL): HSL is presently executing major projects worth Rs 21,441Cr with timeline for delivery -Dec 2030 which are Diving Support Vessel & Fleet Support ships.

1.7 Target for production and proposed allocation old DPSUs- wise

The Ministry stated following on targets for production and proposed allocation for old DPSUs:-

SI	DPSU	Production Target for FY2025-26 (Rs in Cr)	Proposed CAPEX allocation for 2025-26(Rs in Cr)
1	HAL	41,995	1,750
2	BEL	26200	80
3	BEML	5200	220
4	BDL	5100	200
5	MIDHANI	1300	60
6	MDL	12,662	500
7	GRSE	5700	175
8	GSL	3525	30
9	HSL	1980	150

There is no Government allocation for modernization of DPSUs except for New DPSUs which were formed in 2021 by the corporatisation of erstwhile Ordnance Factory Board

1.8 Order book position of old DPSUs

During the examination of DFG, the Ministry informed that as per Government of India's policy, DPSUs are mostly competing to get orders. Future order book would depend

on the requirements of armed forces & other customers and ability of DPSUs to serve those needs based on nomination or on competitive bidding basis. Hence quantification of order book position for next five years is not feasible. Order book position of DPSUs as on 31.12.2025 is as under:

(Rs in Cr)

SI	DPSUs	Order book position
1	HAL	2,60,960
2	BEL	73,400
3	BEML	16,359
4	BDL	25,962
5	MIDHANI	2,440
6	MDL	27,415
7	GRSE	20,205
8	GSL	32,400
9	HSL	18,308

1.9 Targets fixed and achieved during the last five years of old DPSUs

The Ministry while informing about the targets fixed and achieved during previous five years of old DPSUs stated as under :

		(Rs in Crores)					
SI	DPSUs		2020-21	2021-22	2022-23	2023-24	2024-25
1	HAL	Target	21,500	24,085	26,400	31,680	37,121
		Achieved	22,882	24,620	27,055	30,118	37,729
2	BEL	Target	14,300	15,843	20,084	21,360	25,378
		Achieved	13,947	15,321	17,731	20,381	23,835
3	BEML	Target	3,850	3,900	4,350	4,560	4958
		Achieved	3,597	4,337	3,802	4,056	3905
4	BDL	Target	4,500	3,742	3,452	3,452	4310
		Achieved	1,914	2,817	2,489	2,369	3345

5	MIDHANI	Target	775	908	1205	1500	1500
		Achieved	813.23	988.73	1100.27	1147.64	1066
6	MDL	Target	4,977	5,000	7,654	9,101	11250
		Achieved	4,048	5,733	7,584	9,068	11196
7	GRSE	Target	1,100	1,680	2,402	2,882	4386
		Achieved	1132.76	1745.28	2547.84	3588.46	5070
8	GSL	Target	1,373	1,400	1,540	1,848	2829
		Achieved	827.329	703.7	824.97	1635.57	2800
9	HSL	Target	618	630	876	1051	1800
		Achieved	367.99	755.24	1103.37	1413	1471

Reason of unachieved targets: It may be seen from the above table that generally the targets were achieved by DPSUs. However, in some cases, there was some shortfall due to external reasons/ factors. Major factors attributed to the short fall in achieving the targets include non-receipt of some of the anticipated orders planned for execution, Market Situation and Business Environment, Delays in supply of equipment by OEMs/ sub-contractors, disruptions in supply chain and prevailing geo-political Situation globally, short closure/less demand of certain products, non-receipt of critical components and in receipt of orders disruptions, Covid etc. during the respective financial year.

1.10 Total value of Defence exports and imports of old DPSUs

The Ministry provided the Committee with the following information on total value of Defence exports and imports by DPSUs:

(Rs in Cr)

SI	DPSUs		2020-21	2021-22	2022-23	2023-24	2024-25
1	HAL	Export	240	168	294	311	400

		Import	7,278	6,570	6,191	10,101	15,716
2	BEL	Export (MUSD)	51.93	33.30	48.33	92.98	106.17
		Import	3307	3133	3865	5080	5697
3	BEML	Export	463	565	830	1066	299
		Import	551	773	604	676	496
4	BDL	Export	146	3	97	161	1270
		Import	277	271	345	148	110
5	MIDHANI	Export	19.42	87.02	37.45	66.24	94.19
		Import	231.59	308.33	331.00	401.75	253.53
6	MDL	Export	0	3.26	5.73	15.43	60.12
		Import	1364.90	1684.21	2817.72	2414.71	1829.63
7	GRSE	Export	87.49	60.94	59.78	46.90	73.63
		Import	78.89	194.88	461.24	332.88	419
8	GSL	Export	0.33	1.10	37.85	37.49	82.04
		Import	82.06	42.04	95.30	663.17	1349.68
9	HSL	Export	0	0	0	0	2.96
		Import	366.79	22.43	348.13	75.30	1165.74

1.11 Indigenisation of Items towards Atmanirbhar Bharat in Defence & Aerospace Sector:

The Ministry on the above apprised the Committee that Indigenisation of domestic defence production, mainly driven by the Aatmanirbhar Bharat initiative, is a strategic priority aimed at achieving self-reliance and reducing import dependency. This effort involves

significant contributions from both the public and private sectors, supported by major policy reforms and dedicated research initiatives.

The Government have been focusing on achieving indigenisation and self-reliance in defence through various initiatives and policies such as stress on indigenisation through various Buy categories in Defence Acquisition Procedure (DAP) 2020, Defence Industrial Corridors, Innovation for Defence Excellence (iDEX) Scheme, Defence Testing Infrastructure Scheme (DTIS), Liberalized Foreign Direct Investment (FDI) Norms, Make program etc. to boost indigenisation and promote participation of Indian industry in defence manufacturing for indigenous design, development, and manufacture of Defence platforms, thereby promoting self-reliance in Defence manufacturing & technology.

DPSUs are closely working with partners, especially MSMEs, to help them become reliable and strong partners in the supply chain in Defence Sector. Also efforts are on to reduce import content through product indigenization under License Agreements, Joint Ventures & Transfer of Technology (ToT) with foreign OEMs, Re-Engineering, R&D Efforts etc.

The Government has notified a 'Policy for indigenisation of components and spares used in Defence Platforms' with the objective to create an industry ecosystem which is able to indigenise the imported components for Defence equipment and platform manufactured in India. Pursuant to '**Atmanirbhar Bharat**' announcement, Department of Defence Production (DDP) has launched a portal named '**SRIJAN**'(srijandefence.gov.in) in August, 2020 to offer Defence items to industry for indigenisation. SRIJAN portal is a Common Indigenisation Portal for all DPSUs and the Armed Forces (SHQs). It gives access to the Indian Manufacturing Industry of the items which have been imported in the past or are likely to be imported in the future by DPSUs/SHQs. As on Dec, 2025, more than 47000 items are available on SRIJAN portal, out of which more than 15400 items have already been indigenised. Five Positive Indigenisation Lists (PILs) of DPSUs have already been notified by DDP, MoD with time-lines beyond which these items figuring in the PILs will only be procured from the domestic industry. The five PILs consist of 5012 items, out of which 3134 items having value of more than Rs. 3900 Crores have already been indigenised. Various major items under this, such as Gyro Drift Indicator GPK-59, Optical Quadrant KO-60, Automatic Unit B-13, Prism Assy, Telescopic Shock- Absorbers, Gyro Reference Unit (GRU), Communication Audio Management Unit (CAMU), Temperature Control System Test Set (TCSTS), Line Interface and Detector Unit (LDU), Magazine Fire Fighting System (MFFS),

Ship Installed Chemical Agent Detection System (SICADS), Data Acquisition and Processing System (DAPS), Telescopic Helo Hangar, PYRO PUSHER IGNITOR etc. were indigenised.

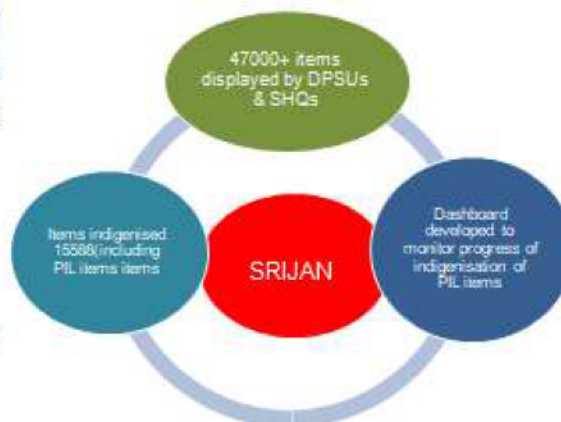
1.12 Self-Reliance and Indigenisation Initiative

The Ministry apprised the Committee during oral evidence about self reliance & indigenisation initiatives as follows:-

Indigenisation portal (Srijan Defence) launched in Aug 2020 to facilitate private industry to become part of the Indigenisation drive of DPSUs & SHQs

5 Positive Indigenisation Lists(PILs):

- ✓ Total Items: 5012 Items
- ✓ 3184 items having value of more than Rs.3900 Crs already indigenised



As on 31.01.2026

Make Procedures

The Ministry in their presentation on Make Procedures, submitted the following details:

- (i) Make-I (Govt Funded) : Projects involving design and development of equipment, systems, major platforms or upgrades thereof by the industry with funding upto 70% of prototype development cost or maximum Rs 250 Cr per Development Agency (DA).
- (ii) Make-II (Industry Funded): Projects involving design and development of equipment/ system/ platform and their subsystems, primarily for import substitution, with assurance of orders to successful L1 vendor.
- (iii) Make-III (Indigenously Manufactured): Although, not designed/developed indigenously, but to be manufactured in India as import substitution for product support of weapon systems/equipment held in the inventory of the Services

Make Projects upto Rs 100Cr/yr (*based on delivery schedule*) reserved for MSMEs.

Innovations for Defence Excellence (iDEX)

The Ministry in their presentation during oral evidence apprised the Committee on **iDEX**, as follows:

- (i) Innovations for Defence Excellence (iDEX) was launched in April 2018 with Outlay for 5 years to foster innovation and technology development in Defence and Aerospace by engaging industries including MSMEs, Start-ups, by providing grants/funding and other support.
- (ii) Acing Development of Innovative Technologies with iDEX (ADITI) scheme launched on 4th March 2024 upto 2025-26 with outlay of Rs 750 Cr for futuristic and critical technologies.
- (iii) Total 566 Problems statements Opened up. 545 contracts signed with iDEX/ADITI winners. 43 contracts worth Rs. 2,229 Cr. awarded to iDEX winners.
- (iv) Proposal initiated for extension of both Schemes with budget enhancement (additional budget of Rs.4,384.59 Cr) for next 05 years (2026-27 to 2030-31)

1.13 The Ministry while deposing before the Committee, made the following submissions regarding steps taken to achieve self-reliance in defence production, defence manufacturing and defence production reforms:

“It is to achieve self-reliance in defence production. सेल्फ रिलायंस डिफेंस प्रोडक्शन में इंडिजेनाइजेशन को प्रमोट करना भी हमारा एक मॅडेट है। एक्सपोर्ट्स को प्रमोट करना, आरएंडडी को इंप्रूव करना और Our goal is to increase PPP participation along with MSME startups in defence manufacturing, to attract more FDI and ensure timely delivery of defence equipment to the Armed Forces. सेल्फ रिलायंस इंडिजेनाइजेशन इनिशिएटिव में हम 'मेक' प्रोसीजर को आगे बढ़ाते हैं। 'मेक1', 'मेक2' और 'मेक3' हमारी मेक प्रोसीजर्स हैं। इसमें इंडिजेनाइजेशन डिजाइन डेवलपमेंट और मैनुफैक्चरिंग पर फोकस रहता है। Srijan Portal is already there. We have given figures. सृजन पोर्टल पर लगभग 47 हजार से ज्यादा आइटम्स डिस्प्लेड है। इसके इंडिजेनाइजेशन को प्रमोट करने के लिए सारे

इंडस्ट्रीज़, डिपीएसयूज आगे आए हैं। पांच इंडिजेनाइजेशन लिस्ट में टोटल 5012 आइटम्स आइडेंटिफाईड हैं। Out of which 3,184 items have already been indigenised. We also have iDEX in that direction. Make I and II are Government funded. We give funding up to 70 per cent for prototype development and maximum cost of Rs. 250 crore per development agency. Make II is industry funded. 'मेक3' में फोकस डिजाइन डेवलपमेंट में इतना ज्यादा नहीं रहता है, लेकिन मैनुफैक्चरिंग में रहता है। As on date, we have given AIP to 146 projects under Make. Under self-reliance and indigenisation, Srijan Defence and Srijan Deep are there. Under Srijan Deep, we also have included products of private vendors and manufacturing capabilities of the industries. iDEX was launched in April 2018 with an outlay of five years. It also has an offshore scheme called ADITI. इसमें टोटल 566 प्रोब्लम स्टेटमेंट ओपन-अप हो गयी हैं। 545 कॉन्ट्रैक्ट साइन हो गए हैं। 43 contracts worth Rs. 2229 crore have also been awarded. We need extension for these schemes and we have come to you for that purpose. We need budget enhancement of Rs. 4,384.59 crore for the next five years from 2026-27 to 2030-31. Regarding defence exports, we have streamlined SOPs for facilitating ease of doing business. We are exporting to almost 100 nations. We have already crossed export figures of Rs. 27,085 crore by the month of January. In 2014-15, our figure was only Rs. 1941 crore. We have jumped manifolds. In 2024-25, we have reached Rs. 23,622 crore.

1.14 Cost Overruns by Old DPSUs

When enquired about cost overruns issue of PSUs, the Ministry informed in written reply that there are no major cost overruns by DPSUs during the last five years for supplying equipment/platforms to the services, since all the contracts/orders received from services are governed by firm and fixed pricing/ Nomination basis.

1.15 Complaints/Quality Issues related to products received by DPSUs

On a specific query regarding whether any complaints with reference to product quality, delay and malpractices have been received by the DPSUs during each of last three years, the Ministry provided DPSU-wise details which are given below: -

“**IOL**: Some quality issues in CTI T-90 have been reported by users. Most of the issues are related to defects of Eye Safe Laser Range Finder supplied by Bharat Electronics Limited. Issues are being resolved by BEL & IOL.

No Major Quality complaints with reference to product quality and malpractices have been received by other DPSUs i.e. **HAL, BEL, BDL, BEML, MIDHANI, MDL, GRSE, GSL and HSL** during the last three years. However, some minor complaint has been received and such complaints are resolved by deputing team for rectification.”

1.16 Modernisation Efforts of DPSUs

The Ministry apprised the Committee that the modernisation effort of DPSUs mainly focuses on enhancing indigenous manufacturing, R&D, export capabilities, technology upgrades, and achieving self-reliance. To acquire competitive edge and meet critical defence needs of the country, modernization is being done by DPSUs with concerted efforts. It includes upgradation of technology; establishment of new proven state-of-the-art manufacturing & design facilities; additional manufacturing facilities; augmentation of production capacities; modernization of R&D facilities and IT infrastructure, replacement of old plant & machinery; augmentation of ship building capacity, quality and testing facilities etc.

Some major projects/activities undertaken by DPSUs for modernization which are completed or under progress are as below:

- (i) Modernization of Process shop and Heat Treatment lines at LCA Tejas Division by HAL
- (ii) Ramping up of rate of production of LCA from 16 per annum to 24 per annum by setting up 3rd production line in Nasik by HAL
- (iii) Establishment of ALH MRO facility at Barrackpore by HAL
- (iv) Advanced Night Vision Products Factory (ANVPF) setup by BEL at Nimmaluru, AP

- (v) New Modern facility for manufacturing, Assembly and testing of EW Land Systems at Ibrahimpatnam, Hyderabad by BEL
- (vi) BDL established advanced **Seeker Facility Centre (SFC)** for manufacturing and testing of Seekers (IIR & RF) of various missiles
- (vii) New Workshop for production of new High Mobility vehicles and upgradation of about 3000 vintage trucks with the armed forces by BEML at Palakkad
- (viii) Wide Plate Mill (WPM) facility by MIDHANI to cater the specific requirements of VSSC for the esteemed 'Gaganyaan Mission.'
- (ix) MDL is constructing a Floating Dry Dock (FDD) of 12000T capacity to undertake the construction of large size vessels
- (x) GRSE has completed the modernization Works at Raja Bagan Dockyard (RBD), enhanced the shipbuilding capacity to concurrent construction of 20 ships (08 large ships and 12 medium/small ships)
- (xi) GSL establishing a Greenfield & Brownfield Shipyard to support both defence and commercial shipbuilding activities.
- (xii) Upgradation of Slipway 4, Installation of 300T Goliath Crane, Construction of Crane Track etc. for Shipbuilding (FSS and LPDs) and Ship Repair Projects undertaken by HSL

The Ministry further apprised that, modernization need is reviewed on regular basis keeping in mind changing technology, critical needs, obsolescence etc.

1.17 Impact of the Modernization on the production capacity, exports and import substitution of products:

The Ministry on the above aspect stated that modernization is set to significantly enhance production capacity, improve exports of DPSUs, enable DPSUs to compete in the global market and give further impetus to ongoing import substitution efforts through Indigenisation towards Atmanirbhar Bharat in Defence and Aerospace sector.

Modernization will help DPSUs position themselves to cater to the needs of both existing and new customers in domestic and global markets and even help them venture into new strategic and business areas.

With the modernization efforts, cumulative production capacity of the DPSUs has increased significantly. The total value of Defence production by DPSUs in FY 2024-25 is Rs.1,11,905 which was Rs 44,096 Cr (DPSUs & OFB) in FY 2013-14. It has also elevated India to Defence Exporter significantly. India's overall Defence export surged from Rs 686 Cr in FY 2013-14 to Rs 23,622 Cr in FY 2024-25, a 34-fold increase. In 2024-25, DPSUs exports were Rs. 8,389, with growing 42.85% over the previous fiscal year.

1.18 Fulfilling the requirements of existing and new customers in domestic and global markets by DPSUs.

On being asked whether the DPSUs have been able to meet the needs of both existing and new customers in domestic and global markets, the Ministry informed that:-

“DPSUs have demonstrably met the growing needs of existing and new customers in both domestic and global markets, with significant increases in production and exports. DPSUs are vital to India's goal of self-reliance (Atmanirbharta) in defence production. DPSUs manufacture a wide range of critical equipment, including aircraft, helicopters, warships, submarines, tanks, arms and ammunition, and electronic equipment, making them the primary suppliers to the Indian Armed Forces.

Due to sustained efforts of the government in the past 11 years, defence sector in India has grown by leaps and bounds which is very much reflected in the defence production figure which has grown from Rs. 44,096 Cr in FY 2013-14 to Rs.1,54,071 Cr in FY2024-25 with DPSUs contributing (Rs.1,11,905) over 71% of last year total production and has subsequently also increased the exports from the country. Defence export, which was Rs. 686 Cr in FY 2013-14 and has now increased to 23,622 Cr in FY 2024-25. In FY 2024-25, DPSU exports reached ₹8,389 crores, a 42.85% increase over the previous fiscal year. The seven new DPSUs, formed from the corporatisation of the Ordnance Factory Board (OFB), secured record export orders worth nearly ₹3,500 crores in 2024-25. Indian companies have been able to reach out to more than 100 countries in recent years to supply various products, systems, subsystems, parts and components, services etc.

This growth indicates the increasing global acceptance and reliability of Indian defence products, integrating the Indian defence industry into the global supply chain.”

1.19 R & D Activities/Projects by DPSUs

The Ministry in their written reply stated that Comparative study, comparing its products with international manufacturers is a routine practice to develop the products in line with market requirements and to have matching competitive edge over competitors. The market is scanned on a regular basis by the R&D group in association with the Marketing group to understand, imbibe & develop the technological innovations being brought out by the international players. Proactive innovations are also undertaken in line with the changing customer expectations. DPSUs has its own world-class composite R&D establishment and is engaged in for Design & Development of products and continuous upgradation of existing products to meet customer requirements. DPSUs collaborate with Academia, MSME & Start-ups for these activities under iDEX and SRIJAN Portals are also being used by DPSUs for R&D activities. HAL is currently engaged in implementing its revised R&D manual which is in sync wherever feasible with best practices of relevant industrial concerns in the world. It is expected that other DPSUs will also follow suit as per feasibility.

Research & Development (R&D) activities by all DPSUs are being undertaken with their own resources. Research and Development (R&D) projects are sanctioned by the Board/Competent Financial Authority as per the Delegation of Powers of the Company. The monetary allocation for Company funded projects will usually be allocated out of the internal resources, accumulated Reserves & Surplus account of Company or from the R&D Corpus. DPSUs have also prepared a 5-year R&D roadmap and the same has been released by the Hon'ble RM on 10.11.2025.

The Ministry also stated that R&D expenditure in FY 2024-25, Budget earmarked for FY 2025-26 & Planned for FY 2026-27 on R& D Activities/Projects by DPSUs is as below:

(Rs in Cr)

SI	DPSUs	R&D expenditure in FY 2024-25	Budget earmarked for R&D expenditure in FY 2025-26	Planned R&D expenditure of DPSUs for 2026-27
1	HAL	2482	2500	2538
2	BEL	1472	1630	1900
3	BDL	223	282	348

4	BEML	101	156	250
5	MIDHANI	24	26	30
6	MDL	11	16	16.5
7	GRSE	29	35	45
8	GSL	18	20	22
9	HSL	2.5	5	5

The Ministry during the oral evidence before the Committee on a specific query regarding R & D in DPSUs made submissions as follows:-

“सर, मैं कुछ प्रश्नों की जानकारी देने की कोशिश करूंगा। आरएंडडी पर चिंता व्यक्त की गई कि कुछ पीएसयूज़ का खर्च बहुत कम है। हम इससे सहमत हैं। अभी नौ पीएसयूज़ जो आपके समक्ष हैं, इनमें से अगर 3-4 लीडिंग पीएसयूज़ को छोड़ दिया जाए तो बाकी सब पीएसयूज़ डीआरडीओ द्वारा डेवलप की हुई टेक्नोलॉजी पर कार्यरत थे या विदेश से आई हुई टेक्नोलॉजी पर कार्यरत थे। इसमें खुद का एक्सपेंडीचर और आरएंडडी फोकस कम था। अभी सितम्बर महीने में माननीय रक्षा मंत्री जी के शुभ हस्तों से हमने अगले पांच सालों के लिए इन सारे पीएसयूज़ का एक आरएंडडी प्लान तैयार किया है, जिसमें करीब-करीब 33 हजार करोड़ रुपये सारी कंपनीज़ मिलकर खर्च करेंगी, इसमें एचएएल का करीब 11 हजार करोड़ रुपये और बीईएल भी 11 हजार करोड़ रुपये के आसपास खर्च करेगा। बीईएल के आरएंडडी एक्सपेंडीचर के बारे में एक माननीय सदस्य ने कहा कि जैसे कि एचएएल अपने टर्न ओवर का 9 पर्सेंट करता है, वैसे ही बीईएल अभी 5 से 6 पर्सेंट खर्च कर रहा है। बीईएल ने प्लान किया है कि 2029-30 तक पहुंचते-पहुंचते वह तीन से चार हजार करोड़ रुपये तक का खर्च आरएंडडी पर करना शुरू कर देंगे। जो शिपयार्ड्स हैं, उनकी आरएंडडी पर खर्च हमेशा से ही कम रहा है क्योंकि शिपयार्ड्स उन शिप्स को बनाते हैं, जिनका डिजाइन इंडियन नेवी तैयार करके देती है। इंडियन नेवी में इंटरनल आरएंडडी काफी होती है। ये उनको सपोर्ट करते हैं कि कैसे शिप्स को फास्टर बनाया जाए। शिप में जो बहुत सारे इक्विपमेंट्स की फिटिंग होती है, उसमें अपनी प्रवीणता हासिल

करने के लिए वे भी आरएंडडी पर खर्च करेंगे। चारों डीपीएसयूज़ शिपयार्ड्स ने कोऑर्डिनेटेड आरएंडडी प्लान बनाया है, ताकि डुप्लिकेशन ऑफ एफर्ट्स न हो और वे एक पाँच-दूसरे को सपोर्ट करते हुए आरएंडडी पर खर्च करना शुरू करें। अगले चार-वर्षों में आरएंडडी से इनके खर्च में बहुत परिवर्तन दिखेगा और हमें उसके आउटकम्स भी देखने को मिलेंगे।

मंत्रालय की ओर से स्पष्ट निर्देश है कि डीआरडीओ के अतिरिक्त भी आपको अपनी अर्निंग से खर्च करके आरएंडडी पर काम करना होगा। शिपयार्ड्स के बारे में एक और प्रश्न था कि उनके एक्सपेंशन के लिए क्या प्लान्स हैं क्योंकि माननीय प्रधान मंत्री जी का विजन है कि अगले पाँच वर्षों में हमें टॉप फाइव नेशंस में पहुँचना है। मुझे खुशी है कि हम इसे डिटेल में शेयर करेंगे कि चारों शिपयार्ड्स ने अपने एक्सपेंशन प्लान बनाए हैं और जगह भी चिह्नित करना शुरू कर दिया है। ये ग्रीन फील्ड एक्सपेंशन भी करेंगे और अपने एक्जिस्टिंग प्लेस में ब्राउन फील्ड एक्सपेंशन भी करेंगे। इनके एक्शन प्लान्स तैयार हो गए हैं। जैसे ही जमीन मिलना शुरू हो जाएगा या कैबिनेट से जो अभी नया मिशन अप्रूव हुआ था, उससे मदद मिलेगी या अपनी मदद से एक्सपेंशन प्लान करना शुरू करेंगे।

..... the R and D is happening at two-three levels. One is the component level. Through SRIJAN portal, iDEX, through their own fund. That R and D is happening and we are able to replace large number of components which are hitherto imported through our own indigenous component. Sir, secondly, at the platform level, it requires huge efforts and long-term sustainable money and efforts, on which, of course, BAL and HAL have been doing supplementary job. But the main job is being done by DRDO”

1.20 Impact of AI Techniques on the functioning manufacturing and production process of DPSUs

The Ministry apprised that the Department of Defence Production (DDP) constituted a Task Force in February 2018 under the Chairmanship of Shri N. Chandrasekaran, Chairman Tata Sons to study the strategic implications of Artificial Intelligence in National Security and

Defence needs and to make appropriate recommendations in this regard. Based on the recommendations of the Task Force, AI roadmap for Defence PSUs has been finalized for creating AI based products/technologies relevant to their platforms and earmark appropriate funds for the same.

DPSUs are actively integrating Artificial Intelligence (AI), automation, and Industry 4.0 technologies to transform their functioning, manufacturing, and production processes. The changes are driven by a national push for indigenization, operational efficiency, precision, and the development of next-generation defence capabilities. DPSUs are taking numerous significant steps towards integrating Artificial Intelligence (AI) techniques in its activities including manufacturing and production processes.

A total of 129 AI projects have been planned by DPSUs up to March 2026, out of which, 97 AI Products have already been developed till date in various domains such as automation/ unmanned/robotics systems; cyber security; human behaviour analysis; intelligent monitoring system; logistics and supply chain management; speech/voice analysis; Command, Control, Communication, Computer & Intelligence, Surveillance & Reconnaissance (C4ISR) systems; Operational Data Analytics etc.

DPSUs executes their AI projects through chosen Industry partners and Institutions after detailed technical discussions covering various aspects of the product including compliances with industry standards. Top institutions like IITs and IIITs have been DPSUs partners for some of the key AI projects. DDP also actively promotes collaboration between DPSUs, DRDO, private industry, startups, and academia through initiatives like iDEX to foster indigenous innovation.

With the AI implementation, numerous and significant improvement are expected in various activities of the DPSUs some of which are given below.

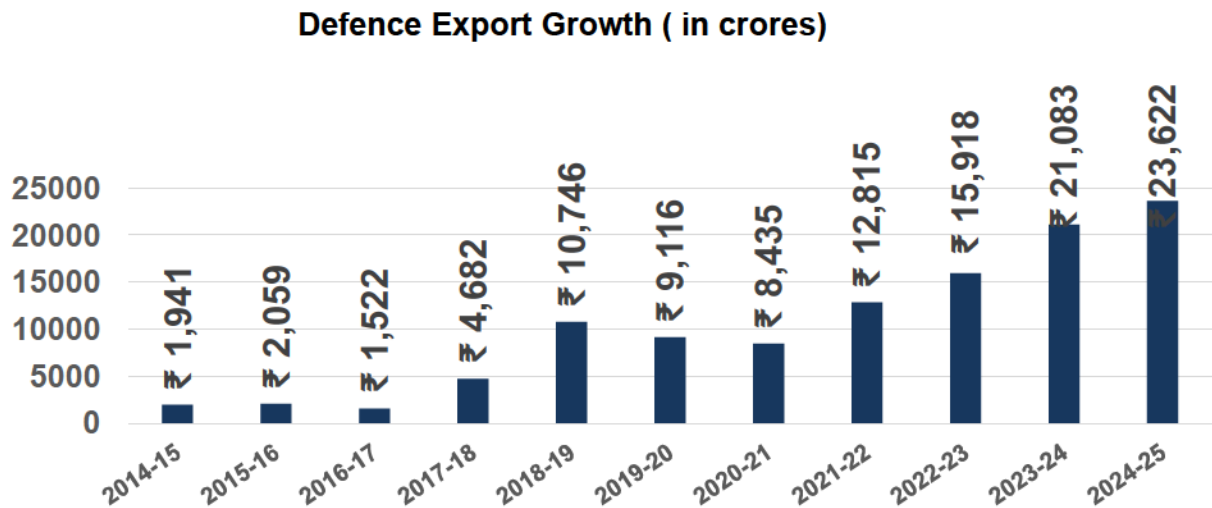
- a) Improvement in overall efficiency in manufacturing, production processes and product quality.
- b) Faster defect detection and more accurate inspection
- c) Reduction in downtime of equipment's, operational cost, human error, procurement time and Manual labor.
- d) Prediction of failures and alerts for critical maintenance of plant and machinery.
- e) Speedup administrative process allowing employee to focus on more complex and value added activities and improved HR function

- f) Improvement in communication, documentation and data analysis during design, manufacturing and production process.
- g) Reduction in wastage of raw materials in manufacturing process leading to savings in the production cost.

1.21 Defence Export (Initiatives for Exports)

On the Initiatives taken for Exports, the Ministry informed that:-

- (i) SOPs streamlined in March, 2025 & Sept 2025
- (ii) Open General Export License(OGEL) to boost Defence Exports
- (iii) Defence Export Promotion Wing (DEPW) set up
- (iv) India exporting to about 100 Nations
- (v) Promotion of “ Brand India” Scheme in Defence introduced in April 2024 for financial assistance to Defence Attaches & Rs 10 Cr. allocated for FY 2026-27
- (vi) Exports till 31.01.2026 is Rs. 27,085 Cr.



The Ministry during the oral evidence before the Committee on a specific query regarding Defence Export stated the following:-

“Regarding defence exports, as of last quarter, it was worth Rs. 25,929 crore and this year, we have already crossed the figure of Rs. 27,000 crore..... महोदय, पिछले 10-

11 वर्षों से एक्सपोर्ट अच्छा रहा है। We have increased it from 686 crore in 2013-14 to almost Rs. 25000 crore or more than Rs.25000 crore in this particular area. हमसे यह पूछा गया था कि क्या हम केवल कंपोनेंट्स का एक्सपोर्ट कर रहे हैं या कुछ प्लेटफॉर्म का भी एक्सपोर्ट कर रहे हैं। हमारा एक्सपोर्ट मोस्टली कंपोनेंट और एलआरयू लेवल पर है। खुशी की बात यह है कि प्लेटफॉर्म लेवल पर भी हमारा एक्सपोर्ट बढ़ रहा है। जैसे पिनाका की काफी एन्कायरी आ रही है। ब्रह्मोस तो प्लेटफॉर्म है, उसके एक्सपोर्ट की काफी एन्कायरीज़ आती हैं। हम अपनी कैपेबिलिटी और रिक्वायरमेंट देखते हुए, अपने रशियन पार्टनर की सेंसिबिलिटी देखते हुए एक्सपोर्ट की परमिशन देते हैं। कुछ आर्टिलरी गन सिस्टम्स का एक्सपोर्ट भी अब प्लेटफॉर्म लेवल पर हो रहा है। अभी तक हमारी स्ट्रैंथ कंपोनेंट की रही है, लेकिन अब हम प्लेटफॉर्म लेवल पर भी एक्सपोर्ट में अग्रसर हैं। एक्सपोर्ट में काफी तेजी से चेंज आ रहा है। हम लगभग सौ देशों को एक्सपोर्ट करने लगे हैं। भले ही किसी देश को छोटे-छोटे एक्सपोर्ट कर रहे हैं, but almost entire globe, we are trying to cover through our exports.”

1.22 Defence Manufacturing Licensing

The Ministry informed the following with regard to the steps taken for issue of licences:-

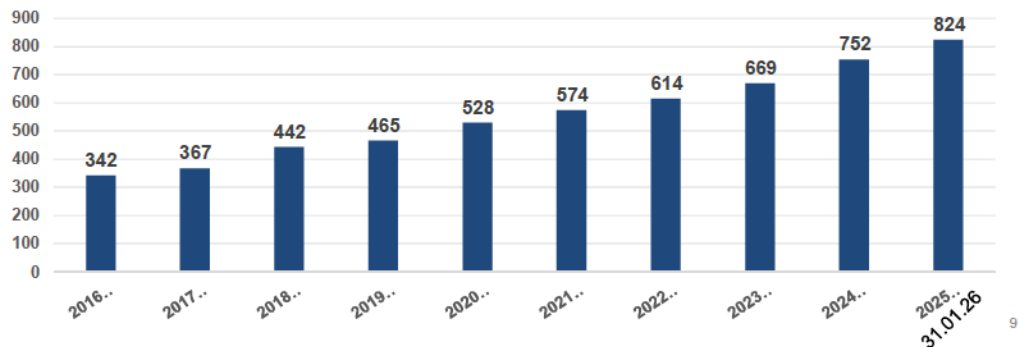
Licenses are issued by DPIIT & MHA on recommendation of DDP.

Defence Products list requiring Industrial License rationalized and trimmed down in 2019 to minimize items requiring License for manufacturing

Initial validity of the Industrial License increased from 3 yrs. to 15 yrs. further extendable to 18 yrs. under Industries(Development &Regulation) Act 1951

Number of stakeholders for consultation reduced from 19 to 8 & processing time reduced from 8-10 weeks to 4-5 weeks

Cumulative licenses issued by DPIIT/MHA(in Nos)



The Ministry while deposing before the Committee stated the following facts in connection with defence manufacturing licensing regime and ease of doing business:-

“Sir, we have streamlined defence manufacturing licensing regime and for ease of doing business, we are focusing on it also. डीपीआईआईटी और एमएचए के द्वारा लाइसेंस इश्यू होती हैं और हमसे रेकोमेंडेशन ली जाती है। Over the years, we have streamlined the industrial licensing process. We have reduced the number of stakeholders for consultation from 19 to 8. We have reduced the processing time from 8 weeks to 4 weeks. In 2016-17, only about 342 licences were issued. Today, this is about 824.”

1.23 Major Reforms

On major reforms initiated, the Ministry made submission before the Committee as follows:-

Defence Testing Portal - Centralized, real-time web-based platform for allocation and management of labs and Proof Testing Facilities operational. 145 Proof ranges/labs on boarded. 9816 lab test and 740 proof tests available for all PSU/private manufactures.

Launch of **Digital Database of Indian Defence Companies** and their products in October 2025 with details of more than 33000 companies and over 254000 products.

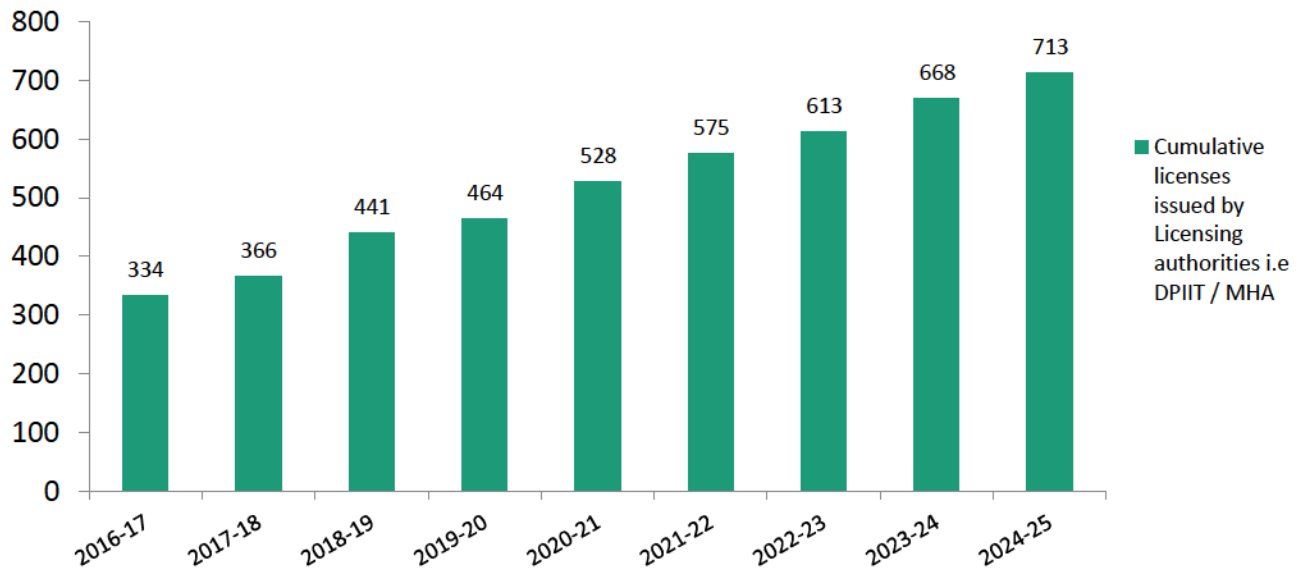
R& D roadmap for DPSUs for next 05 years envisaged at Rs 32,766 Cr investment prepared.

Setting up a Strategic Metal Bank for 6 critical raw materials for major DPSUs such as HAL, BEL etc

Cross learnings among DPSUs are facilitated through regular workshops and training sessions.

Self-certification scheme revised in Sept 2025 for products by DPSUs and Pvt. Industries.

Green Channel Policy revised in Sept 2025 for procurement of Defence stores and spares.



The Ministry while deposing before the Committee, further elaborated the facts in connection with reforms undertaken in defence sector as follows:-

“ सर, आपने रिफॉर्म के बारे में कहा था कि क्या हम मेजर रिफार्म कर रहे हैं। इससे संबंधित डिफेंस टेस्टिंग पोर्टल है, यह सेंट्रलाइज्ड रियल टाइम वेब बेस्ड प्लैटफॉर्म है। इसमें 145 प्रूफरेंजर लैब्स ऑनबोर्ड हो गयी हैं। 9816 लैब टेस्ट और 740 प्रूफ टेस्ट भी अभी उपलब्ध है। Information regarding launch of digital database of Indian defence companies has already been given. R&D roadmap is there for all the DPSUs for next five years. We are looking at an investment of Rs. 32,766 crore in the defence manufacturing sector for the next five years. We have also set up a strategic metal bank keeping in view the geopolitical situation in case we are short on critical material, we will already have a pool from where we can draw. This is a major initiative.

Self-certification scheme and green channel policy have been extended to DPSUs and private industries to save time in testing and help them further in ease of doing business. Lastly, we have taken initiatives for cross learning in DPSUs because our DPSUs have a wealth of knowledge. ”

CHAPTER – II

Directorate of Ordnance (Coordination and Services) – New DPSUs

Introduction

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

2.1 Corporatization & Restructuring of OFB

- To transform 41 Ordnance Factories into productive and profitable assets, enhance competitiveness and improve efficiency, the Government has converted units of erstwhile OFB into 7 new Defence Public Sector Units

SINO	DPSU	Head Quarter	Number of Units
1	Munitions India Limited (MIL)	Pune	12 Production , 03 Non production
2	Armoured Vehicles Nigam Limited (AVNL)	Chennai	05 Production , 03 Non production
3	Advanced Weapons & Equipment India Limited (AWEIL)	Kanpur	08 Production , 01 Non production
4	Yantra India Limited (YIL)	Nagpur	08 Production , 01 Non production
5	India Optel Limited (IOL)	Dehradun	03 Production , 01 Non production
6	Troop Comforts Limited (TCL)	Kanpur	04 Production , 01 Non production
7	Gliders India Limited (GIL)	Kanpur	01 Production

- These DPSUs commenced their business w.e.f. 01.10.2021.

2.2 Budgetary provisions

In respect to budgetary provisions to various newly constituted DPSUs/erstwhile ordnance factories and also whether any capital has been allocated to newly created DPSUs

to run the factories under them alongwith the methodology adopted to distribute existing funds, the Ministry in their written reply stated as under:

“Government of India has allocated CAPEX Fund of Rs. 8745 Crore to the newly created DPSUs for FY 2021- 22 to FY 2026-27. Out of which, the fund distributed up to FY 2025-26 is Rs. 7251 Crore for Modernization and R&D, under the Omnibus Minor Head 190 – Investment in Public Sector & Other Undertaking, under Major Head 4076 (04) – Capital Outlay on Defence Services Estimates. These funds are being distributed based on modernization plan of newly created DPSUs. In addition to that Govt. of India has provided Rs 217.58 crores for the purpose of salary grant in case of TCL and payment of Rs 5744.59 crores against old liabilities to the new DPSUs.”

The Ministry during the presentation before the Committee apprised the Committee with the following facts:-

“निगमीकरण के पश्चात् 41 ऑर्डिनेंस फैक्ट्रीज़ को सात नए डीपीएसयूज़ में कन्वर्ट किया गया था। इनके हैडक्वार्टर्स विभिन्न शहरों में हैं, कुछ प्रोडक्शन यूनिट्स हैं और कुछ नॉन-प्रोडक्शन यूनिट्स हैं। सातों डीपीएसयूज़ के सीएमडी अपनी प्रेजेंटेशन प्रस्तुत करेंगे। इस स्लाइड में दर्शाया गया है की न्यू डीपीएसयूज़ को निगमीकरण के पश्चात् सरकार द्वारा कैपेक्स सपोर्ट दिया गया था। इनको 8745 करोड़ रुपये का कैपेक्स सपोर्ट सरकार ने दिया है। वित्त वर्ष 2021-22 से लेकर वर्ष 2026-27 में बंटा हुआ है। चार सालों का वित्तीय कैपेक्स सपोर्ट दिया जा चुका है। अभी तक जो दिया जा चुका है, डीपीएसयूज़ वाइज़ दर्शाया गया है। अब एकमुश्त 495 करोड़ रुपये बचा है जो वित्त वर्ष 2026-27 में दिया जाएगा। अभी तक 7291 करोड़ रुपये वितरित हुआ है, नए डीपीएसयूज़ में 31 जनवरी तक क्युमुलेटिव एक्सपेंडिचर 4452 करोड़ रुपये कर दिया है और साथ ही कमिटेड लाएबिलिटीज़ 3844 करोड़ क्रिएट की गई हैं।”

2.3 Budgetary allocations

The Ministry apprised the Committee on Budget Estimates, Revised Estimates and Actual Allocations in respect of all new DPSUs for the last five years as follows:

(In Rs Crore)

FY 2021-22

Projection	Budgetary Estimates	Revised Estimates	Actual allocation
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Voted		Charged		Voted		Charged	
Rev -	8.50	Rev -		Rev -		Rev -	
14400.50		13651.61		6660.00		6660.00	
Cap -		Cap -		Cap -		Cap -	
662.00		662.00		4341.00		4341.00	
15062.50		14313.61	8.50	11001.00	19.00	11001.00	19.00

FY 2022-23

Projection		Budgetary Estimates		Revised Estimates		Actual allocation	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
Rev -	1.00	Rev -		Rev -		Rev -	
474.00		474.00		400.50		383.00	
Cap -		Cap -		Cap -		Cap -	
3810.00		3810.00		3811.50		3810.10	
4284.00		4284.00	1.00	4212.00	1.00	4193.10	1.00

FY 2023-24

Projection		Budgetary Estimates		Revised Estimates		Actual allocation	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
Rev -	1.00	Rev -		Rev -		Rev -	
432.50		432.50		424.50		400.22	
Cap -		Cap -		Cap -		Cap -	
1315.00		1315.00		1310.50		1394.50	
1747.50		1747.50	1.00	1735.00	1.00	1794.72	0.01

FY 2024-25

Projection		Budgetary Estimates		Revised Estimates		Actual allocation	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
Rev -	1.00	Rev -		Rev -		Rev -	
461.75		450.25		469.35		409.00	
Cap -		Cap -		Cap -		Cap -	
1499.00		1499.00		1637.00		1627.58	
1960.75		1949.25	0.21	2106.35	1.00	2036.58	9.00

FY 2025-26

Projection		Budgetary Estimates		Revised Estimates		Actual allocation	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
Rev – 482.25	1.00	Rev – 479.00		Rev – 437.90		Not yet finalized	
Cap – 1496.00		Cap – 1496.00		Cap – 1583.02			
1978.75		1975.00	1.00	2020.92	65.00		

The Projections and Budget Estimate allocation for the year 2026-27 is as under:

FY 2026-27

Projection		Budgetary Estimates		Revised Estimates		Actual allocation	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
Rev – 482.65	1.00	Rev – 449.50					
Cap – 1541.05		Cap – 1541.05					
2023.70		1990.55	1.00				

Note: OFB corporatized in the year 2021 and hence figures after 2021-22 are not comparable to pre-corporatization figures.

The Ministry during the oral evidence before the Committee requested for financial support to new DPSUs and stated as under:-

“न्यू डीपीएसयू की फाइनेंशियल कंडीशन को देखते हुए उन्हें फाइनेंशियल सपोर्ट की जरूरत है। मैं समिति से आग्रह करूँगा कि आप यदि अनुशंसा कर दें, तो हम फाइनेंस मिनिस्ट्री से उस बारे में बात कर पाएँगे।”

2.3 Financial performance and R & D Expenditure of New DPSUs

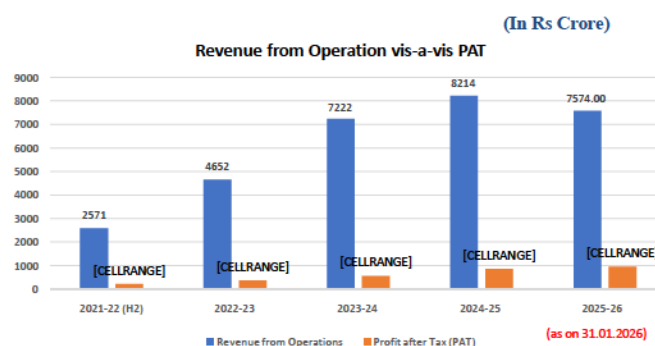
The Ministry during the oral evidence apprised the Committee about the financial performance of new DPSUs which are as follows:

(a) Munitions India Limited (MIL)

Revenue & Order Book

Turnover

Period	Revenue	PAT
2021-22 (H2)	2571	22
2022-23	4652	73
2023-24	7222	559
2024-25	8214	840
2025-26 (As on 31.01.2026)	7574	944



- 2025-26 (Projections) - Revenue: Rs. 9870 Cr.; PAT: Rs. 1100 Cr.
- Present Order Book as on 31.01.2026 - Rs. 46417 Cr.
- 2025-26 - New Orders worth Rs. 17836 Cr. received and Rs. 1000 Cr. Expected
- Since Oct 2021, export sales – Rs. 7669 Cr. till 31/01/2026. Present export order book - Rs. 13017 Cr. approx

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Research & Development

Post Corporatization there is a major thrust in R&D, as compared to minimal expenditure during OFB.

R&D Expenditure:

DPSU	Rs in Crores				
	2021-22 (H-2)	2022-23	2023-24	2024-25	2025-26 (As on 31.01.2026)
MIL	12.15	58.7	73.07	60.28	57.49

Projected R&D Expenditure for next five years:

DPSU	2025-26	2026-27	2027-28	2028-29	2029-30
MIL	102	107	112	117	122

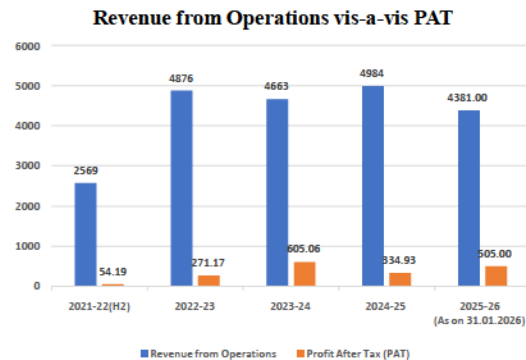
(b) Armoured Vehicles Nigam Limited

Revenue & Order Book

(In Rs Crore)

Turnover

Period	Revenue	PAT
2021-22(H2)	2569	54.19
2022-23	4876	271.17
2023-24	4663	605.06
2024-25	4984	334.93
2025-26 (As on 31.01.2026)	4381.00	505.00



- 2025-26 (Projections) - Revenue: Rs 5808 Cr PAT: Rs 670 Cr
- Present Order Book as on 31.01.2026 – Rs 34,538 Cr
- 2025-26 - New Orders worth Rs 3,564 Cr. received and Rs. 2,200 Cr. Approx. expected

Research & Development

R&D Expenditure:

Rs in Crores

DPSU	2021-22(H-2)	2022-23	2023-24	2024-25	2025-26 (As on 31.01.2026)
AVNL	12	15	91	66	61

Projected R&D Expenditure for next five years:

DPSU	2025-26	2026-27	2027-28	2028-29	2029-30
AVNL	179	276	420	462	510

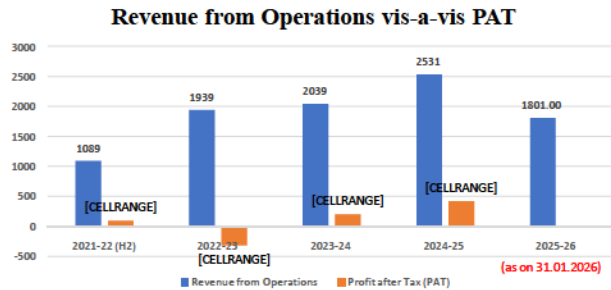
(c) Advanced Weapons & Equipment India Limited (AWEIL)

Revenue & Order Book

Turnover

(In Rs Crore)

Period	Revenue	PAT
2021-22 (H2)	1089	4.53
2022-23	1939	-12.79
2023-24	2039	20.24
2024-25	2531	82.74
2025-26 (As on 31.01.2026)	1801	-



- 2025-26 (Projections) - Revenue: Rs. 2800 Cr.; PAT: Rs. 46.95 Cr.
- Present Order Book as on 31.01.2026 - Rs. 11,985 Cr. approx.
- 2025-26 - New Orders worth Rs. 3756 Cr. received and Rs. 1034 Cr. expected
- Since Oct 2021, export sales – Rs. 271.39 Cr. Present export order book - Rs. 624 Cr. as on 31/01/2026.

Research & Development

R&D Expenditure:

Rs in Crores

DPSU	2021-22 (H-2)	2022-23	2023-24	2024-25	2025-26 (As on 31.01.2026)
AWEIL	7	15	41	38	23

Projected R&D Expenditure for next five years:

DPSU	2025-26	2026-27	2027-28	2028-29	2029-30
AWEIL	70	80	90	100	115

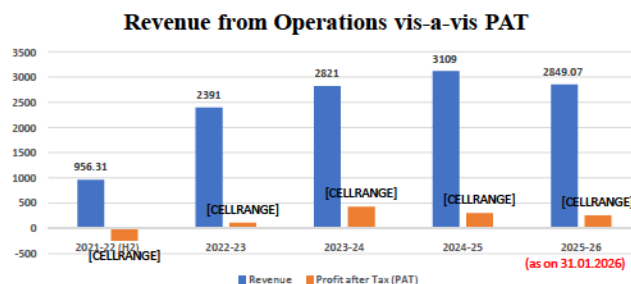
(d) Yantra India Limited

Revenue & Order Book

Turnover

(In Rs Crore)

Period	Revenue	PAT
2021-22 (H2)	956.31	-123
2022-23	2391	42
2023-24	2821	425
2024-25	3109	293
2025-26 (As on 31.01.2026)	2849.07	250



- 2025-26 (Projections) - Revenue: Rs. 3700 Cr.; PAT: Rs. 350 Cr.
- Present Order Book as on 31.01.2026 - Rs. 5300 Cr. (Balance for Current FY- Rs. 1180 Cr
For Subsequent FYs- Rs. 4120 Cr)
- 2025-26 - New Orders worth Rs. 6100 Cr. received and Rs. 200 Cr. Expected
- Since Oct 2021, Export sales – Rs. 874 Cr. till 31/01/2026. Present export order book - Rs. 2490 Cr. approx.

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Research & Development

R&D Expenditure:

Rs in Crores

DPSU	2021-22(H-2)	2022-23	2023-24	2024-25	2025-26 (As on 31.01.2026)
YIL	4	7	5	15	20

Projected R&D Expenditure for next five years:

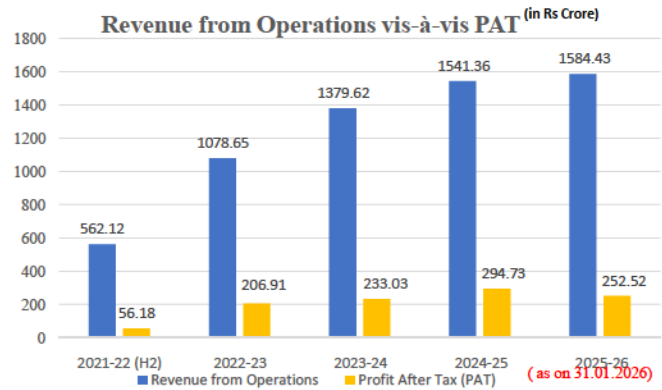
DPSU	2025-26	2026-27	2027-28	2028-29	2029-30
YIL	23	35	40	40	42

(e) India Optel Limited

Revenue & Order Book

Turnover

Period	Revenue	PAT
2021-22 (H2)	562.12	56.18
2022-23	1078.65	206.91
2023-24	1379.62	233.03
2024-25	1541.36	294.73
2025-26 (as on 31.01.2026)	1584.43	252.52



- 2025-26 (Projections) – Revenue – Rs 2000 Cr PAT – Rs 322 Cr
- Present order book as on 31.01.2026 :- Rs 6966.35 Cr
- 2025-26 new orders worth Rs 611.16 Cr received.
- Since October 2021, Export Sales – Rs 6.68 Cr till 31.01.2026

Research & Development

R&D Expenditure:

Rs in Crores

DPSU	2021-22 (H-2)	2022-23	2023-24	2024-25	2025-26 (As on 31.01.2026)
IOL	1	5	19	29	20

Projected R&D Expenditure for next five years:

DPSU	2025-26	2026-27	2027-28	2028-29	2029-30
IOL	50	55	60	66	73

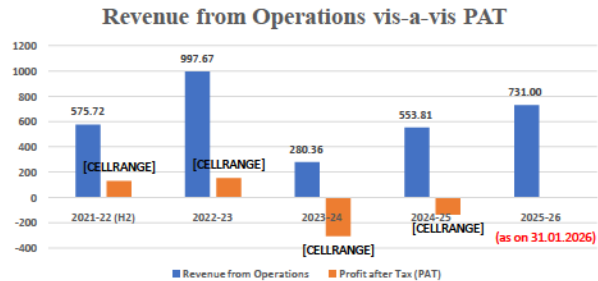
(f) Troops Comforts Ltd.

Revenue & Order Book

Turnover

(In Rs Crore)

Period	Revenue	PAT
2021-22 (H2)	575.72	16.37
2022-23	997.67	18.95
2023-24	280.36	-303
2024-25	553.81	-132.96
2025-26 (As on 31.01.2026)	731	-



(a) Less achievement in FY 2023-24 was due to poor workload scenario.

(b) In the FY. 2024-25, less achievement is attributed to following reasons:

- Orders of around 1000 cr were received in last qtr. of FY. 2023-24. First quarter of FY. 2024-25 was consumed in lead time for procurement of raw materials.
- Subsequently finalization of QA methodology in STE contracts took a considerable time.
- Production system was established for new items such as Boot High Ankle PU Rubber Sole, Mattress ECC, Bag Sleeping Light Weight, Gloves ECC etc. which were being produced for first time.

(c) 2025-26 (Projections) - Revenue: Rs. 950 Cr., PAT: Rs. 10 Cr.

(d) Present Order Book as on 31.01.2026 - Rs. 712 Cr.

(e) In 2025-26 - New Orders worth Rs. 293 Cr have been received and further orders of Approx Rs. 800 Cr. expected from Indian Army.

Research & Development

R&D Expenditure:

Rs in Crores

DPSU	2021-22 (H-2)	2022-23	2023-24	2024-25	2025-26 (As on 31.01.2026)
TCL	0.64	5.5	6.49	1.91	2.35

Projected R&D Expenditure for next five years:

DPSU	2025-26	2026-27	2027-28	2028-29	2029-30
TCL	3	5	6	7.5	9

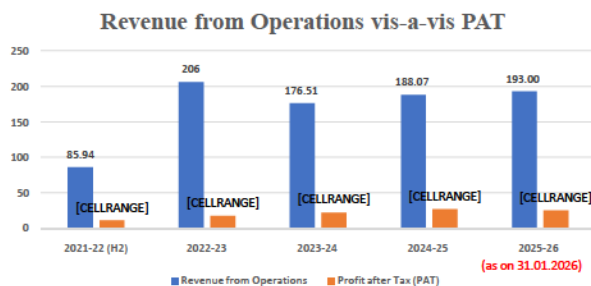
(g) Gliders India Limited

Revenue & Order Book

Turnover

(In Rs Crore)

Period	Revenue	PAT
2021-22 (H2)	85.94	0.71
2022-23	206	6.86
2023-24	176.51	10.77
2024-25	188.07	16.67
2025-26 (As on 31.01.2026)	193	25.00



- **2025-26 (Projections) -** Revenue: Rs. 260 Cr.; PAT: Rs. 30 Cr.
- Present Order Book as on 31.01.2026 - Rs. 216 Cr.
- 2025-26 - New Orders worth Rs. 200 Cr. received and Rs. 56 Cr. Expected
- Executed export orders worth Rs. 1.50 Cr. to Algerian Armed Force
- Export Order grabbed worth Rs. 26 Cr (approx.) from Vietnam for supply of Brake Parachute SU-30 and Pilot Parachute SU-30 & Accessories.

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Research & Development

R&D Expenditure:

Rs in Crores

DPSU	2021-22 (H-2)	2022-23	2023-24	2024-25	2025-26 (As on 31.01.2026)
GIL	0.16	2.67	2.43	3.86	2.75

Projected R&D Expenditure for next five years:

DPSU	2025-26	2026-27	2027-28	2028-29	2029-30
GIL	4	5	5.5	6	6.5

The CMDs of new DPSUs, while deposing before the Committee during oral evidence on the financial performance of new DPSUs stated the following facts:-

(i) Munition India Limited (MIL)

“एमआईएल एम्युनिशन और एक्सप्लोसिव बनाने वाली कंपनी है। इस साल का रेवेन्यू टारगेट 9870 करोड़ रुपये है। अभी तक यानी 31 जनवरी तक 7574 करोड़ रुपये तक की उपलब्धि कर चुके हैं। प्रॉफिट ऑफ्टर टैक्स का लक्ष्य 1100 करोड़ रुपये था और हम 944 करोड़ रुपये तक पहुंच चुके हैं। अब दो महीने बचे हैं, मैं आश्वस्त करना चाहता हूँ कि हम अपना टारगेट अचीव करेंगे और एक्सीड करेंगे।

वर्ष 2021 में हमारा निगमीकरण हुआ था, उस समय लगभग ऑर्डर बुक लगभग 21 हजार करोड़ रुपये थी। 31 जनवरी को 46 हजार करोड़ रुपये ऑर्डर बुक थी और आज की तारीख में करीब 48 हजार करोड़ रुपये हो चुकी है। वर्ष 2025-26 में करीब 18 हजार करोड़ रुपये के नए आर्डर प्राप्त हुए हैं। पिछले वित्त वर्ष में 3000 करोड़ रुपये का एक्सपोर्ट किया गया था और इस वित्त वर्ष में 3400 करोड़ रुपये तक कर लेंगे।”

(i) Armoured Vehicle Nigam Limited (AVNL)

“जैसा आपने कहा है, हमारा फाइनेंशियल परफॉर्मेंस पिछले 4 वर्ष का जैसा सामने दिखाया है उसी तरह से है और इस वर्ष का हमारा टारगेट 5,808 करोड़ रुपये का है उसमें से हमने 4,381 करोड़ रुपये ऑलरेडी कर लिया हैं और हम इस टारगेट को जोकि 5,808 करोड़ रुपये का है इसको अचीव करेंगे और इससे ज्यादा ही करने की कोशिश करेंगे यह मैं आश्वस्त करता हूं। हमारी अभी वर्तमान में ऑर्डर बुक 34,538 करोड़ रुपये की है। अभी हमारे कुछ और आर्डर्स पाइपलाइन में है जो हमें आगे मिलेंगे और हमारे पास ऑर्डर्स भी सफिशिएंट एवलेवल हैं। हमारा लास्ट ईयर का प्रॉफिट 335 करोड़ रुपये का था। हमारा इस साल का प्रॉफिट हमने 670 करोड़ रुपये एस्टीमेट किया है की 670 करोड़ रुपये हमारा प्रॉफिट आएगा।”

(ii) Advanced Weapons & Equipment India Limited (AWEIL)

“जैसा की स्लाइड में प्रदर्शित है कि हमारा टर्नओवर लगातार बढ़ता जा रहा है। इस वर्ष हमने 2,800 करोड़ रुपये का टारगेट रखा है जिसमें से जनवरी तक हमने करीब 1,800 करोड़ रुपये का टारगेट अचीव कर चुके हैं और हम अपना टारगेट अचीव करने के लिए प्रतिबद्ध हैं। इस समय हमारी ऑर्डर बुक बढ़कर 11,985 करोड़ रुपये हो गयी है, जो कि हमें हमारे ऑपरेशंस को कंटेन्यू करने के लिए सफिशिएंट है। हमारा प्रोफिट आफ्टर टैक्स (पैट), हमारे रेवेन्यू के प्रोपोर्शन में थोड़ा कम है। हम उसको बढ़ाने की कोशिश कर रहे है। हमें आगे भी आर्डर मिलते जाएंगे। एक्सपोर्ट्स के लिए भी हम प्रयास कर रहे हैं और एक्सपोर्ट्स भी हम लिमिटेड मात्रा में कर रहे हैं।”

(iii) Yantra India Limited (YIL)

“हमने इस साल 3,700 करोड़ रुपये का टारगेट रखा है। जिसमें से हम 2,850 करोड़ रुपये का टारगेट ऑलरेडी अचीव कर चुके हैं। आज तक का प्रॉफिट 250 करोड़ रुपये का है। वर्ष के अंत तक हम 350 करोड़ रुपये का प्रॉफिट एम करेंगे। हमारे पास ऑर्डर बुक करीब

5,300 करोड़ का है जोकि अगले 6-7 सालों से डिवाइडेड है। जिसमें से 200-300 करोड़ रुपये का ऑर्डर इस साल में अभी और एक्सपेक्टेड है। एक्सपोर्ट्स में भी हमने कदम रखा है जिसमें अभी तक कॉरपोरेटाइज़ेशन के बाद 900 करोड़ रुपये तक का एक्सपोर्ट, 874 करोड़ रुपये का एक्सपोर्ट किया है। हमारे पास तकरीबन ढाई हज़ार करोड़ रुपये की एक्सपोर्ट की ऑर्डर्स बुक अभी भी है जो हम लोग अगले तीन-चार सालों में खत्म करेंगे।”

(iv) India Optel Limited (IOL)

“हमारी 2 यूनिट्स हैं जिसमें से एक देहरादून में और दूसरी चंडीगढ़ में है। हम साइटिंग सिस्टम्स, टैंक और आर्टिलरी सोल्यूशंस के लिए बनाते हैं। जैसा स्लाइड से विदित है कि हमारा ग्रोथ टर्नओवर साल दर साल बढ़ रहा है। इस साल हमारा 2,000 करोड़ रुपये का टारगेट है। इसके अगेंस्ट हम 1,584 करोड़ रुपये कर चुके हैं। जो पिछले साल के अचीवमेंट से ऑलरेडी ज्यादा है। हमारा प्रॉफिट भी संतुलित है और आगे बढ़ रहा है। हमारी ऑर्डर बुक स्टेबल है। आगे भी हमें और आर्डर्स आते रहेंगे। इस समय कंपनी अच्छा परफॉर्म कर रही है। आर एंड डी में भी अच्छा काम कर रही है। आगे भी हमको ऑर्डर्स आते रहेंगे इसके लिए हम तत्पर हैं। मैं आश्वासित करता हूं कि यह टारगेट हम मीट करके रहेंगे 2,000 करोड़ रुपये का।”

(v) Gliders India Limited (GIL)

“जीआईएल रक्षा और एयरोस्पेस के महत्वपूर्ण क्षेत्र में कार्य करती है। जीआईएल का मेन प्रोडक्ट पैराशूट, इनफ्लेटेबल्स और टेक्निकल क्लोदिंग आइटम्स है। यह सभी सिस्टम्स पूरी तरह से स्वदेशी है और आयात पर इनकी निर्भरता शून्य है। Coming to the turnover of the company starting from 2021 onwards, from Rs. 85.94 crore, आज की तारीख में हम इसको बढ़ाकर 188.07 करोड़ रुपये पिछले साल किया है और इस साल हमें उम्मीद है कि हम 230 करोड़ रुपये तक इसको पहुंचा देंगे। It is more than doubled in three years. In the current financial year, we have already achieved Rs. 193 crore up to

January, indicating a continued growth momentum of the company. यही अब तक सबसे बड़ी उपलब्धि है।“

(vi) Troops Comfort Limited (TCL)

“ट्रूप कम्फर्ट्स के आइटम हम भारतीय सेनाओं के लिए बनाते हैं। हमारा फाइनेंशियल परफार्मेंस जैसा यहां पर दिखाया गया है। पिछले साल के 553 करोड़ रुपये के मुकाबले इस साल हम जनवरी तक ही 731 करोड़ रुपये का उत्पादन कर चुके हैं। मुझे पूरा विश्वास है कि हम 950 करोड़ रुपये का उत्पादन इस साल करके प्रॉफिट में रहेंगे। हमारी ऑर्डर बुक जनवरी में लगभग 712 करोड़ रुपये की थी और हमें उम्मीद है की आने वाले कुछ महीनों में हमें लगभग 800 करोड़ रुपये के और आर्डर मिलने की उम्मीद है।“

2.4 Year-wise Profits for the last 5 years

The Ministry provided the following data on profit figures of each of the new DPSUs (DPSU- wise) during the current and each of the last 5 years which are as follows:

PAT (Rs in Cr)

SI	DPSUs	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1	AVNL	-	54	271	605	335	Profit After Tax(PAT) of DPSUs for current year will be available only after finalization of accounts in FY 2026
2	AWEIL	-	4.53	(12.79)	20.24	82.74	
Reason for loss: Due to account change in accounting treatment of government grant							
3	GIL	-	(20.70)	6.86	10.76	16.67	
Reason for loss: Due to COVID-19 pandemic and nationwide lockdown							
4	IOL	-	60.10	206.91	233.03	294.73	
5	MIL	-	21.69	73.35	558.78	839.86	
6	TCL	-	16.38	18.95	(303)	(132.96)	

		Reason for loss: Loss incurred in the FY. 2023-24 due to poor workload. Workload of only Rs.340 Cr was available during the FY 2023-24; later orders of above Rs.1200 Cr were placed by Army HQ in the last quarter of FY 2023-24.				
7	YIL	-	(123.12)	51.34	425.58	509
		Reason for Loss: Due to less Workload, Cost of production higher than issue price, Higher overheads.				

2.5 Major Projects being executed by New DPSUs for Armed Forces

The Ministry apprised the Committee about the major projects being executed by the new DPSUs for the requirements of Armed Forces which are given below:

(i) Armoured Vehicles Nigam Ltd (AVNL): AVNL is presently executing major projects worth Rs 29,657 Cr with timeline for delivery -March 2029 which include T-90 Mk-III; SHARANG UPGUNNING; BMP-II Upgrade and T-72 BLT etc.

(ii) Advanced Weapons and Equipment India Ltd(AWEIL):AWEIL is presently executing major projects worth Rs 4,539 Cr with timeline for delivery -March 2029 which include Dhanush Gun System; 105mm LFG; AK-630, Stabilised Remote Control Gun and 7.62x51mm Medium Machine Gun.

(iii) Gliders India Ltd(GIL): GIL is presently executing major projects worth Rs 254.54 Cr with timeline for delivery -March 2027 which are P7 Parachute System; Brake Para Jaguar; and Brake Para Mirage etc.

(iv) India Optel Ltd(IOL): IOL is presently executing major products worth Rs 1,575 Cr with timeline for delivery - March 2027 which are Thermal Imager Fire Control system(TIFCS) for Tank T72; Commander's Thermal Imager (CTI) T90 Upgradation; Sight Dial & Mount Dial and Telescopic Sight for Assault Rifle.

(v)Munitions India Ltd (MIL):MIL is presently executing major projects worth Rs 8,018 Cr with timeline for delivery- March 2033 which include Pinaka Rocket with DPICM Warhead; RD.84 mmSMOKE469 (F); RD.125MM 3VBM 17 FSAPDS; & RD.40mm L70 NAMMO.

(vi)Troop Comforts Ltd(TCL):TCL is presently executing major projects worth Rs 719 Cr with timeline for delivery -August 2026 which include Combat uniform digital; Rain cape Multipurpose; Boot High Ankle PU Rubber sole; Bag Sleeping Light Weight; and Pochesammunition etc.

(vii)Yantra India Ltd (YIL): YIL is presently executing major products worth Rs 307.23 Cr with timeline for delivery -Oct 2026 which are Up Gunning of Sharang Gun system, CI-70 Bridge & Tail units & Kit Arming for Aerial Bombs.

2.6 Target for production and proposed allocations for New DPSUs: -

The Ministry submitted the following data on targets for production and proposed allocation for new DPSUs:-

SI	DPSU	Production Target for FY2025-26 (Rs in Cr)	Proposed CAPEX allocation for 2025-26(Rs in Cr)
1	AVNL	5808	173
2	AWEIL	3100	329
3	MIL	9870	883
4	YIL	4000	228
6	IOL	2000	98
7	GIL	260	22.61
8	TCL	1055	29.85

2.7 Order Book Position

The Ministry apprised the Coimmittee regarding Order Book position available for the newly created DPSUs as on 31.12.2025, is as under:-

“ Order books in the next four years would largely depend upon the requirement of armed forces and ability of the new DPSUs to compete and emerge L-1 bidder in the competitive process.”

(Rs in Crore)

Sl. No.	DPSUs	Order Book Position as on 31.12.2025
1	MIL	40005
2	AVNL	35065
3	AWEIL	10891
4	TCL	727
5	YIL	5480
6	IOL	7022
7	GIL	193
Total		99383

With more functional and financial autonomy, these new DPSUs are exploring newer markets both in the country as well as abroad.

New DPSUs are making efforts in expanding its global footprints by promotion & marketing through direct engagement with potential customers, engaging channel partners, participation in international exhibitions and interaction with foreign OEMs for getting exports order. Also, the new DPSUs are proactively pursuing various leads received from Government and other channels and are also in close contact with the Indian Defence Attachés posted abroad in Indian Embassies and Missions for assistance in marketing their products.

2.8 Targets fixed and achieved during the last five years of New DPSUs

The Ministry while informing about the targets fixed and achieved during previous five years of new DPSUs stated as under :

		(Rs in Crores)					
SI	DPSUs		2020-21	2021-22	2022-23	2023-24	2024-25
1	AVNL	Target	-	2569(H2)	5036	5690	5960
		Achieved	-	2569(H2)	5036	4663	4984
2	AWEIL	Target	-	1050(H2)	2100	2552	2552
		Achieved	-	1089(H2)	1939	2040	2531
3	GIL	Target	-	-	-	239	-
		Achieved	-	121.51	206.01	176.83	188.05
4	IOL	Target	-	-	1079	1349	1700
		Achieved	-	562.12	1078.65	1379.62	1541.38
5	MIL	Target	-	2498.00	6139.00	5580.00	9819
		Achieved	-	2616.13	4951.62	7221.58	8214
6	TCL	Target	-	737	1209	112.38	706
		Achieved	-	643	1082	108.56	552
7	YIL	Target	-	1000	2500	3027	3463
		Achieved	-	956.32	2391.01	2820.56	3109

Reason of unachieved targets: It may be seen from the above table that generally the targets were achieved by DPSUs. However, in some cases, there was some shortfall due to external reasons/ factors. Major factors attributed to the short fall in achieving the targets include non-receipt of some of the anticipated orders planned for execution, Market Situation and Business Environment, delays in supply of equipment by OEMs/ sub-contractors, disruptions in supply chain and prevailing geo-political Situation globally, short closure/less

demand of certain products, non-receipt of critical components and in receipt of orders disruptions, Covid etc. during the respective financial year.

2.9 DPSUs Budget for CAPEX modernisation

On specific query regarding steps taken to modernise newly created DPSUs across the country through introduction of state-of-the-art technologies, the Ministry informed as under:-

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

- (i) **Renewal & Replacement (RR):** For renewal/reconditioning of high value/heavy duty P&M to restore the original manufacturing accuracies/functions and replacement of old P&M which are Beyond Economical Repair (BER) and those which have become obsolete, with the objective of retaining manufacturing capacities.
- (ii) **New Capital (NC):** Acquisition of P&M to incorporate latest available technology for the manufacturing of the future products or for capacity augmentation of existing products and to balance specific manufacturing processes for the current products in the form of NC Demand or through various capacity creation/augmentation projects.
- (iii) **Civil Infrastructure:** DPSUs are continuously modernizing Civil Infrastructure and services viz. Production & Services buildings, Power supply, Water supply, Compressed Air supply etc.”

The details of the outlay provided to the new DPSUs for CAPEX, till date, are as under:

	DPSU	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1	MIL	696.55	577	580	745.45	745.45
2	AVNL	310.14	282	290	173.86	173.00
3	AWEIL	347.74	226	225	329.26	329.00
4	YIL	252.85	203	200	228.15	228.00
5	IOL	24.82	8	6	5.18	6.00
6	TCL	7.04	7	7	9.96	10.00

7	GIL	3.86	7	2	2.14	2.5
Total		1643	1310	1310	1494	1494

Post corporatization the new DPSUs are provided CAPEX support of Rs. 8745 Crs over FYs 2021-22 to 2026-27.

Out of the total Rs. 7251 Crore allocated till date, the new DPSUs have incurred cumulative expenditure of Rs. 3985 Crore, till 31.12.2025, further committed liabilities of Rs. 2180 Crore have been created as on 31.12.2025.

In this regard, details of the major project/ programme undertaken from these funds are given below:

DPSUs	Details of Project/ Programme by the new DPSUs	Remarks
MIL	Production of BMCS manufacturing plant	Under commissioning
	Single Base Propellant Plant	Under commissioning
	TNT Plant	Under commissioning
	RDX plant	Proposed
	NG plant	
	RDX Compound Plant	
	NC Plant	
	NIGU (PICRITE) Plant	
AVNL	CNC 3D Coordinate Measuring Machine	Commissioned
	Computerized X-Ray Radiography System	
	Flexible Machining System with four Machining Centre	
	Dimension measurement with Bluetooth-enabled instruments	Proposed
	Director digital data capturing of performance tests of the Gear Box and Sub-assemblies	

	CNC machines & furnaces for quality component manufacturing	
AWEIL	Indigenous production of AK-203 Rifle	Planned
	Plant & Machinery for Indigenous production of Stabilised Remote-Control Gun (SRCG)	
TCL	Augmentation of manufacturing capacity of Ballistic Protective Gears such as Bullet Resistant Jacket/ Helmets/Vest of various NIJ Threat level	Proposed/Planned
	Flexible Assembly line production shop for manufacturing of High-Altitude items	
	Procurement of latest CAD/CAM machines for ensuring precise bulk cutting of various types of fabrics	
YIL	10 Ton & 12 Ton Electro Slug Re-melting Plant	Commissioned
	Pit type furnaces	
	Hydraulic Forging Press	
	Hydraulic Cabbage Piercing and draw Presses of 4x4 Plant	
	Procurement of Radial Forging Plant	Planned
	Procurement of 3000T Open Die Forging Press	
IOI	Thermal Imaging Fire Control System (TIFCS)	Commissioned
	Inertial Navigation System INS Sigma 30N	Planned
	ATT and DBC	
GIL	Various machines for integration of parachute manufacturing facilities	Planned

The Ministry during the evidence before the Committee on CAPEX support for new DPSUs informed as under:

“कैपेक्स सपोर्ट 8,750 करोड़ रुपये पांच साल के लिए थे। उसको 1,400-1,500 करोड़ रुपये प्रतिवर्ष के आधार पर बांटा गया है। फिर कंपनियों ने जिस तरीके से मांगा है, कुछ कंपनियों ने शुरू में मांगा था और कुछ कंपनियों ने बाद में मांगा था, उस हिसाब से

पांच साल में डिस्ट्रीब्यूट किया गया है। कैपेक्स सपोर्ट के अतिरिक्त खुद के फंड से इन्होंने जो अर्निंग की है, उसमें से भी कैपेक्स कर रहे हैं। मुख्यतया एमआईएल, वाईआईएल और आरयूएल कंपनियों की पिछले दो-तीन साल में जो अर्निंग हुई है, उसका भी इस्तेमाल करके नई सुविधाएं और नई मशीन्स ला रहे हैं। बाकी कंपनियां भी धीरे-धीरे नई मशीन्स और नई सुविधाएं क्रिएट करेंगी।

इनकी मुख्यतः चुनौतियां यही हैं कि इनके ज्यादातर उत्पाद पुरानी टेक्नोलॉजीज़ पर आधारित हैं, जोकि रशियन्स टेक्नोलॉजीज़ थीं। इनको बहुत तेज गति से इनोवेट करना होगा, ताकि वे आर्मी की जरूरतों को पूरा कर सकें और उसको समय पर भी पूरा सकें। इनकी अधिकतर चीजें स्वदेशी हो गई हैं। Except some electronic components which we import from Israel or some other country. Otherwise, most of these seven companies dependent on importers very less. “

2.10 Profit percentage charged by new DPSUs

On being asked about profit percentage the new DPSUs charge from the Services and civilian market, the Ministry informed as follows:

“With professional management, functional and financial autonomy and more accountability, the restructuring of erstwhile OFB into newly created DPSUs is aimed at transforming Ordnance Factories into productive and profitable assets, enhance competitiveness and improving efficiency.

Subsequent to corporatisation, the indents placed by the Services on erstwhile OFB were converted to deemed contracts. For the deemed contracts and for the contracts/supplies post corporatisation, if on nomination basis, then 7.5% profit element is charged & if contracts are placed through tender participation, profit element varies from contract to contract as per the competition in the market and judgement/policy of DPSUs. It is to be submitted that now as a policy no contract is reserved to DPSUs unless they are producing proprietary equipment. In the civilian Market, new DPSUs competes in the competitive tender process and profit is delivered as per competition.”

2.11 Achieving Set Schedules for various projects

The Ministry when was asked how far the set schedules for the various projects have been met and whether any delay has occurred, replied as under:

“The set schedules for the various projects have been met through consistent efforts by DPSUs and monitoring of DDP. Further, for timely placement of contracts, financial powers were conferred to Board of Directors of 7 new DPSUs.

The contract for two important plants for manufacturing of Bi Modular Charge System (BMCS) at Ordnance Factory Nalanda (a unit of MIL), consisting of Triple Base Propellant (TBP) Plant and NC-NG Paste Plant were placed on Foreign OEM. These two plants were planned to be commissioned in December 2025. Due to the ongoing geo-political situation across the world, there were certain supply chain issues in the commissioning of these plants. However, both the plants are likely to be commissioned by September 2026. These will be one of the most sophisticated plants for manufacturing of BMCS, used as propellant in 155 mm Artillery Ammunition.

In addition to this, there has been no major delays in the planned projects. The schedule for the various projects are monitored regularly by the Department. In order to have better autonomy, faster decision making four new DPSUs (AVNL, MIL, IOL, YIL) have been conferred the Mini-Ratna status.”

2.12 Enhancement of Capacity of Ordnance Factories

The Ministry on a specific query regarding the current status of enhancement of the capacity of Ordnance Factories and the support provided by the Ministry replied as under:

“Ordnance Factories have completed various projects in the recent past in respect to enhancement of capacity. Some of the major plant of MIL mentioned under Annexure-I are currently under planning stage, which will further enhance capacity of MIL.

IOL envisions creating infrastructure for the niche technologies that will be manufactured for the first time in the country. This includes capacity augmentation for Gunner’s Sight TPD K-1 for Tank T 72, Communication cables and Artillery Sights.

AVNL is looking forward to enhance capacities for Maintenance, repair & Overhaul of T-Series & Arjun Tanks to meet the requirement of Indian Army.

AWEIL's major focus is on creating facilities for Artillery Gun Systems, Tank Articles, Recoil System, Ammunition Hardware, L-70 Gun, 30 mm Canon Gun and 12.7 mm NSVT Gun.

Further, Rs. 8745 crores as mentioned in answer to question no. 1 & 5 have been approved by Empowered Group of Ministers (EGoM) as Capital Outlay to the new DPSUs for modernisation, to be distributed over five years from 2021-22 to 2026-27 and out of which Rs. 7251 crores has been distributed up to 2025-26 and the balance amount of Rs. 1494 crore will be disbursed in FY 2026-27."

2.13 Expenditure on Research and Development

The Ministry was asked whether any in-house Research and Development activities are being carried out in the newly created DPSUs for the development of new products. On this the Ministry replied as under:

"Earlier, OFB was manufacturing the items either on ToT from foreign suppliers, mainly Russia and the products developed by DRDO. Now, new DPSUs have initiated R&D with their own funds also. There is no fund allocated to new DPSUs by Government for R&D and they are required to invest funds from their own earnings. "

The detail of expenditure made by new DPSUs in R&D is as follows:

Financial Year	R&D Expenditure (Rs in Cr)	Percentage of profit
2022-23	109.05	17.7
2023-24	238.42	15.4
2024-25	213.18	12.3

Major R&D activities undertaken:

- (i) Automatic Target Tracker & Digital Ballistic Computer for T-90
- (ii) Gunner's Main Sight for MBT Arjun MK-1A
- (iii) Guided Bomb
- (iv) 155 mm Smart ammunition
- (v) Parachute Tactical Assault Gajraj (PTA G-2)

- (vi) A9 Brake Parachute Systems for Advanced Medium Combat Aircraft (AMCA)
- (vii) 155 x 52 Calibre Towed Gun
- (viii) 155 x 52 Calibre Mounted Gun System
- (ix) 60 mm Mortar
- (x) 155 mm Bourrelet shells for extended range
- (xi) GP Bomb- 500 Kg and 1000 Kg
- (xii) Anti G Suit

The Ministry stated that R&D expenditure in FY 2024-25, Budget earmarked for FY 2025-26 & Planned for FY 2026-27 on R& D Activities/Projects by new DPSUs as below:

(Rs in Cr)

SI	DPSUs	R&D expenditure in FY 2024-25	Budget earmarked for R&D expenditure in FY 2025-26	Planned R&D expenditure of DPSUs for 2026-27
1	MIL	60	102	107
2	AVNL	66	179	276
3	AWEIL	38	70	90
4	YIL	15	40	42
5	IOL	29	50	61
6	TCL	1.9	6	7.5
7	GIL	3.9	4	4.5

Projection and percentage allocation for each year of the Plan period in respect of Research and Development.

On the above aspect, the Ministry informed as under:

“The new DPSUs are now spending nearly 1% of their turn over on R&D. On the basis of their profitability & need, the new DPSUs will try to spend funds on R&D and will reach 3% of turnover on R&D by FY 2028-29.”

The R&D expenditure of new DPSUs since inception to FY 2024-25 are as under:

S.N.	DPSU	2021-22	2022-23	2023-24	2024-25	Total till 31.03.25
1	MIL	12.15	58.7	73.07	60.28	204.2
2	YIL	4.33	7.36	5.35	15.03	32.07
3	AWEIL	7	15	41	37.73	100.73
4	AVNL	12	15	91	66.33	184.33
5	IOL	1.24	4.82	19	28.66	53.72
6	TCL	0.64	5.5	6.49	1.91	14.54
7	GIL	0.11	2.67	2.51	3.24	8.53
Grand Total for all new DPSUs		37.47	109.05	238.42	213.18	598.12

2.12 New Products/projects being launched/developed by DPSUs.

The new products developed by the new DPSUs to keep pace with changing technology in order to manufacture and supply quality products to Armed Forces are as under:

MIL:

- (i) Area Denial Munitions (DPICM Pinaka)
- (ii) Pinaka Mk-I enhanced Rocket
- (iii) Guided Pinaka Rocket

IOL:

- i. Commander Thermal Imager for T-Series Tanks
- ii. Fusion Technology based Driver's Night Sight for BMP-II
- iii. Day telescopic sight for assault rifle

AWEIL:

- i. Anti-Material Rifle
- ii. 7.62mm Ishapore Assault Rifle

AVNL:

- i. Mine Protected Vehicle 6x6
- ii. Armament upgrade of BMP-II
- iii. Upgrading of 1000 HP engine

YIL:

- i. 155 mm Bourrelet shells
- ii. Aerospace grade extruded aluminium products.
- iii. GP Bomb 500Kg and 1000Kg

TCL:

- i. Bullet resistant jacket NIJ level IV
- ii. Bomb Disposal Suit as per MHA GSQR
- iii. Boot Crampon as indigenized version of Ex-import item of India Army.

GIL:

- i. Hardshell Container for Pilot Parachute Jaguar
- ii. Brake parachutes for Hawk

2.13 Capability of New DPSUs to absorb the industry through transfer of technology.

The Ministry on a specific query regarding the capability of the newly created DPSUs to absorb the industry through transfer of technology, replied as under:

“Ordnance Factories transferred to New DPSUs have been a regular recipient of technologies through Transfer of Technologies (ToT). Technology has been received under ToT agreements, from foreign OEMs and DRDO, in various product profile and Factories have successfully absorbed the received technologies. Technologies have been absorbed and products have been indigenized through in-house R&D and with

the participation of Indian Private Industry. The MSME ecosystem has played a crucial role in absorption of the ToT and indigenization activities.

Absorption of ToT has imparted capability for in-house Design & Development, leading to their mass manufacture with the help of Indian Industry. Some of such major products/platforms in which indigenization efforts have been undertaken include subsystems and variants of Tank T-72 & BMP-II, CRN-91 Naval Gun, small arms and ammunition, etc.

Tank T-90, T-72 and Infantry Combat Vehicle BMP-II, being manufactured by AVNL under ToT, have indigenisation level of 92%, 96% and 99% respectively with Indian Industries as partners. MIL has developed Pinaka extended range, Pinaka DPICM (ADM1), Pinaka Guide, 500 Kg GP Bomb. The production facility of Sights for T-Series tanks has been successfully established by IOL.”

2.14 Indigenization and Self-reliance.

The Ministry on specific query whether the newly created DPSUs have indigenous industrial capability to manufacture and supply quality products to Armed forces, replied as under:

“Ordnance Factories under newly created DPSUs have indigenous technological and industrial capability for supply of armament, ammunition and equipment. A number of components, subassemblies & LRUs (Mechanical and Electro-Optical subsystems) of Tanks, Weapons and Ammunition have been indigenised by the new DPSUs with the assistance of domestic industry, both public & private. In addition to this, variety of parachutes and troop comfort items have also been developed and supplied to the Services.

Further, products manufactured and developed through indigenous industrial capability and supplied to Armed forces by new DPSUs are as under:-

List of items developed through indigenous industrial capability

SL	Nomenclature	DPSU
1	Cartg. SA 7.62 mm Ball A-7 Ammunition	MIL
2	20 mm AMR Ammunition	MIL
3	Multi-Mode Hand Grenade	MIL

4	Pinaka Rockets	MIL
5	Various types of small arms ammunition	MIL
6	KAVACH MOD-II	AVNL
7	Mine Protected Vehicle	AVNL
8	2KL Water Bowser	AVNL
9	Logistic Vehicles	AVNL
10	Trichy Assault Rifle	AWEIL
11	7.62x51 mm Sniper Rifle	AWEIL
12	7.62x51 mm Assault Rifle	AWEIL
13	Up-gunning of 130mm Gun to 155 mm	AWEIL
14	155mm x 45 Calibre Artillery Gun System 'Dhanush'	AWEIL
15	Joint Venture Protective Carbine	AWEIL
16	Coat ECC	TCL
17	ECAD SD Parachute	TCL
18	Tent Arctic Large	TCL
19	TEFS 2M/ 4M	TCL
20	PCAD AN-32	TCL
21	Combat Uniform	TCL
22	Day Telescopic Sight for Assault Rifles	IOL
23	Commander Sight passive for T-72 & BMP II	IOL
24	Driver Night sight for BMP-II	IOL
25	Driver sight for T-90	IOL
26	Personnel Parachutes	GIL
27	Tactical Parachute Systems	GIL
28	Drop Parachutes	GIL

2.15 Fast-tracking indigenization in the Armed Forces Manpower

The Ministry on a specific query on Fast-tracking indigenization in the Armed Forces Manpower, the Ministry replied as under:

“The Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment, there by promoting self-reliance in defence manufacturing & technology in the country. These initiatives, inter-alia, include according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-

2020; Notification of five 'Positive Indigenization Lists' of total 509 items of Services as notified by DMA and Five 'Positive Indigenization Lists' of total 5012 items of Defence Public Sector Undertakings (DPSUs) as notified by DDP, for which there would be an embargo on the import beyond the timelines indicated against them; Simplification of Industrial licensing process with longer validity period; Liberalization of Foreign Direct Investment (FDI) policy allowing 74% FDI under automatic route; Simplification of Make Procedure; Launch of Mission DefSpace; Launch of Innovations for Defence Excellence (iDEX) scheme involving start-ups & Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; Launch of an indigenization portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs; Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers; Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Opening up of Defence Research & Development (R&D) for industry, start-ups and academia; Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

Till 31.12.2025, out of the 762 items to be indigenised by new DPSUs under five PILs notified by DDP, the new DPSUs have indigenised 520 items. In addition to this, new DPSUs have also indigenised 145 items out of 278 non-PIL items.

Army Design Bureau and Indian Army is spearheading the achievements in Make procedure of capital acquisition to give impetus to Make in India flagship programme of Govt of India.

Furthermore, in line with the Government's 'Make in India' initiative, MoD had earmarked 64% of the total capital budget for domestic Capital Procurement in 2021-22, which has been increased to 68% for FY 2022-23 and 75% for 2023-24 and 2024-25.

Further, in 2025-26 Govt has again earmarked 75% of all Capital Procurement through domestic industry and 25% of Domestic Capital Procurement i.e. 27,888.21 Cr has been earmarked for procurement through domestic private industry."

2.16 Shortage Of Both Technical And Non-Technical Manpower In Newly Created DPSUs.

The Ministry on a specific query related to shortage of both technical and non-technical manpower in newly created DPSUs, informed that:

“The restructuring of erstwhile OFB into newly created DPSUs is aimed at transforming Ordnance Factories into productive and profitable assets, enhance competitiveness and improving efficiency.

The newly created DPSUs are currently manned by employees of erstwhile OFB. However, certain functions like R&D, finance, cost management, corporate governance etc., which are applicable to the companies under Companies Act, 2013 are new and need to be performed as per the requirement. This is presently being met through fixed term contractual engagement of qualified professionals.

Further, the manpower rationalization and fixation of benchmark strength, in new DPSUs, has been approved by the Department and intimated to the CMDs of the DPSUs.”

2.17 Manufacturing, Export & Import of New DPSUS

Break-up of total value of products supplied to three Services:

The value of products supplied by the new DPSUs to the three Services, since inception is tabulated below:

(Rs. in Crores)

S. No.	DPSU	Year			
		2021-22 (01.10.21 to 31.03.22)	2022-23	2023-24	2024-25
1	MIL	1897.54	3420.47	3684.58	3991.43
2	AVNL	2466.07	4410.63	4131.95	4760.07
3	AWEIL	343.41	444.59	527.07	832.94
4	TCL	594	937	264	540
5	YIL	67.11	44.66	37.15	113.28
6	IOL	158.73	427.64	520.54	634.05
7	GIL	68	181	136	158.15

8	Total	5594.86	9865.99	9301.29	11029.92
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2.18 Export to friendly countries

The Ministry, when asked about certain products from the newly created DPSUs being exported to friendly countries, replied as under:-

“Newly created DPSUs have identified export focus area to expand their business. They are proactively pursuing various leads received from government and other channels. The newly created DPSUs export products to the friendly countries based on the export clearance given by the Government. The year-wise cumulative values of Exports, by the new DPSUs, in last four years, to various countries are tabulated below:

(Rs. in Crore)

S. No.	Year	Value
1	2021-22 (from 01.10.2021-31.03.2022)	22.55
2	2022-23	82.18
3	2023-24	1976.51
4	2024-25	3521.68

2.19 Total value of Defence exports and imports of new DPSUs

The Ministry provided the Committee with the following information on total value of Defence exports and imports by DPSUs:

(Rs in Cr)

SI	DPSUs		2020-21	2021-22	2022-23	2023-24	2024-25
1	AVNL	Export	-	0.32	0	0	0

		Import	-	221.84	423.56	27.05	471.5
2	AWEIL	Export	-	0	3	39	110
		Import	-	0.49	66.78	61.18	95.24
3	GIL	Export	-	0	1.18	17.81	8.88
		Import	-	NIL			
4	IOL	Export	-	0	0	2.02	4.66
		Imports	-	132.91	400.28	534.87	577.79
5	MIL	Export	-	22.55	45.54	1696.87	3076
		Imports	-	245.31	642.96	673.03	654.24
6	TCL	Export	-	0	0	1.97	1.88
		Imports	-	NIL			
7	YIL	Export	-	0	33.0	218.7	321.8
		Imports	-	NIL			

Share of Import content of spares and components of newly created DPSUs

“ The Ministry apprised the Committee that at present, cumulative import content of spares and components of New DPSUs is approximately 8-10% of revenue from operations. Efforts are being made by the newly created DPSUs to reduce import content further through in-house efforts, Source Development, iDEX, Make-II procedure etc. The list of imported spares and components is also being displayed on SRIJAN Defence portal for indigenization and development through Indian industry.”

The details of expenditure incurred on import against revenue from operations by new DPSUs are as under:

(Rs. in Crore)				
DPSUs	2021-22	2022-23	2023-24	2024-25
MIL	245.31	642.96	673.03	654.24
AVNL	221.84	324.59	137.44	181.04
AWEIL	0.49	66.78	61.18	95.24
TCL	NIL	NIL	NIL	NIL
YIL	NIL	NIL	NIL	NIL
IOL	132.91	400.28	534.87	577.79
GIL	NIL	NIL	NIL	NIL

The Ministry during the oral evidence before the Committee apprised the Committee with following facts on exports:

“ऑर्डनेंस फैक्ट्री बोर्ड के समय एक्सपोर्ट ऑलमोस्ट ज़ीरो हुआ करता था, मुश्किल से 50-60 करोड़ रुपए के एक्सपोर्ट होते थे। अब सारी कम्पनियां, मुख्यतः तीन-चार कम्पनियां एक्सपोर्ट करने लगी हैं। चूंकि अब कम्पीट करके आर्मी के पास जा रहे हैं, तो मुझे लगता है कि कारपोरेटाइजेशन के बाद क्वालिटी और प्राइस में अच्छी चीजें हुई हैं।

2.20 Quality check for the products developed.

The Ministry, when was asked whether any quality check is conducted for the products developed, on this the Ministry informed as under:

“All the products developed and manufactured by Ordnance Factories are subjected to various Quality Checks. The Quality checks of products are being carried out at Ordnance Factories on the basis of Quality Assurance Plan (QAP) / Acceptance Test Plan (ATP)/Quality Plan etc. These Quality documents have clear guidelines for all the checks to be carried out during the entire cycle of manufacturing of Defence Stores. Following tests are carried out for a batch of ammunition production to ensure quality:

- 100%-dimensional checking is done.
- Sampling dimensional checking is done
- Specified tests are conducted

- Specified number of rounds are fired as part of dynamic firing.

The ammunition batch is accepted and issued to Army only after it passes all the above tests. However, in spite of maintaining stringent checks of quality, during bulk exploitation of above ammunition by user, at times some defects/ accidents are reported. Some probable reasons for the defect in performance of ammunition are:

- Design inadequacies
- Improper handling and Storage in ammunition depots
- Improper maintenance of weapon system
- Improper handling of ammunition and weapon during firing
- Unnoticed Manufacturing deficiencies

Further, Second Party Inspection coverage, called Quality Assurance (QA), is done based on QAP/ATP by Directorate General of Quality Assurance (DGQA), Directorate General of Aeronautical Quality Assurance (DGAQA) and Directorate General of Naval Armament Inspection (DGNAI) for the stores issued to Army, Air Force and Navy respectively.

Ammunition items are only one-time use items and dynamic test involves destructive testing. Hence, quality conformance is being carried out based on Acceptance Quality Level (AQL) as per Indian Standard IS 2500 or International Standard ISO 2859. AQL is an internationally accepted statistical tool for carrying out sampling inspection. In this system certain percentage of non-conforming items are permitted. So, when ammunition is produced in bulk, chances of miniscule number of defects may be observed at customer end, which is accepted internationally.”

2.21 Constraint faced by New DPSUs

On a specific query regarding the constraints faced by new DPSUs along with the action taken to address them, the Ministry stated as under:-

“Some of the new DPSUs are facing poor workload situation due to stiff competition, lack of demand from the Services for some of the products and high cost of products due to high labour cost and overheads. To address the above issues, and to become competitive in open market, DPSUs are taking various steps like review of

costing policy, reduction of overheads, productivity enhancement through modernization of plant and machinery and increased focus on exports.”

CHAPTER – III

DIRECTORATE GENERAL OF QUALITY ASSURANCE (DGQA)

Introduction

Directorate General of Quality Assurance (DGQA) is an Inter-Service Organisation functioning under the Department of Defence Production in the Ministry of Defence. DGQA is responsible for second party Quality Assurance of all defence stores and equipment, both imported as well as indigenous, for the Army, Navy (excluding Naval Armaments) and common user items for the Air Force procured from Private Sector, Public Sector Undertakings and Ordnance Factories.

DGQA Organisation is structured into eleven Technical Directorates, each responsible for a distinct range of equipment. The Technical Directorates are structured in two tiers for functional purposes, comprising of Controllerates and Field Quality Assurance Establishments. In addition, there are Proof Establishments in Armament Discipline for carrying out proof of weapons and ammunition.

3.2 Role and Responsibility of DGQA

The Ministry apprised the Committee about roles and responsibilities of DGQA as under:

"Role of DGQA. The Role of DGQA Organisation is to ensure that Armaments, Stores and Equipment used by the Army and those stores of the Navy and Air Force for which DGQA is responsible, are of the specified Quality and Reliability to enhance the combat efficiency of the Armed Forces.

Responsibilities of DGQA. DGQA, being a second party Quality Assurance (QA) Agency for the Land System being procured by the Services have following responsibilities: -

- (a) Quality Assurance of Defence Stores and Final Acceptance Inspection (FAI) of finished stores as per Quality Assurance Plan (QAP) and Acceptance Test Procedure (ATP).
- (b) Participation at various stages of Capital & Revenue Procurement Process.
- (c) Association in Field Evaluation Trials.
- (d) Pre-Despatch Inspection (PDI) of Imported Stores & Joint Receipt Inspection (JRI).
- (e) Collecting, collating, developing, amending, updating, holding and supplying sealed particulars and Tech Specs & Publications.

- (f) Issuing DGQA Approvals/ Assignment Lists of Defence Stores.
- (g) Investigation of Defects/ Accidents and advise remedial measures.

DGQA has been discharging its mandated responsibilities efficiently, effectively and in a timely manner.”

ROLE AND FUNCTIONS OF DGQA

- Quality Assurance (QA) and Inspection
 - QA of stores (indigenous and imported) being supplied to Armed Forces
 - QA of Defence Stores procured by MHA and others, as and when called for
- Testing and Trials
 - Functions as Testing Agency by utilizing its Proof Ranges and Testing Labs across Country
 - Associate in User Trials/ Demos and conduct Technical Evaluation of new stores being inducted and undertake Defect Investigation and advise remedial measures during exploitation
- Certification
 - Functions as Certification Agency offering services for MoD Schemes such as GCS, SCS, DEPS etc
 - Supplier Capacity Assessment (CA) and Competency Verification (CV), as per mandate
- Technical Services
 - Participation at all stages of Capital Acquisition Process, including GSQR
 - Functions as Technology Repository for imported and indigenously Design & Development (D&D) products of DRDO
 - Responsible for equipment technical documentation and publication for various purposes such as provisioning, Inventory Management, Acquisition and Configuration Management
 - Providing inputs to National & International Forums on standards

3.3 Existing Parameters followed to ensure Quality Assurance (QA)

On being asked about the existing parameters that are being followed to ensure Quality Assurance (QA) for the entire range of Arms, Ammunitions, Equipment a supplied to the Armed Forces, the Ministry replied that:

“Quality Assurance Plans (QAPs) and Acceptance Test Procedures (ATPs) aligned to relevant Indian/International Standards & best practices, formulated based on mutual agreement between manufacturer and QA Agencies, are being followed by DGQA to ensure Quality Assurance (QA) for the entire range of Arms, Ammunitions, Equipment supplied to the Armed Forces. The parameters vary depending upon the type of equipment and technology involved viz. Ammunition, Weapons, Textile, Tanks etc, as per the Qualitative Requirements (QRs) for the subject item, laid down by the concerned Procurement Agency of the Armed Forces.

DGQA is involved from the inception stages viz. providing technical inputs for General Staff Qualitative Requirements (GSQR) and Request for Proposal (RFP), checking compliance of Technical Bids, association during User Trial, Technical & Environmental Trials, formulation and QA as per ATP/ Specifications till Pre Despatch Inspection (PDI) and Joint Receipt Inspection (JRI) of the Store.”

3.4 The Ministry on the question regarding any timeline framed for trial by DGQA for test-check for Arms, Ammunitions and Equipment after their manufacture or before induction, stated as under:

“Timelines for trial by DGQA for Arms, Ammunitions and Equipment after their manufacture or before induction is specified in Quality Assurance Plans (QAPs) during manufacturing phase and in Acceptance Test Procedures (ATPs) during Final Acceptance Inspections (FAI) phase. Detailed timelines for each and every Tests/ Trials are mentioned in various documents like Joint Service Specifications (JSS), Joint Service Guides (JSG) and Departmental Specifications (DS) etc. aligned to International Standards. However, these laid-down timelines may get extended due to failures/non-conformances noticed in the offered sample, during the course of such tests/checks.”

3.5 On a specific query regarding the kind of co-ordination with DRDO on Research and Development, the Ministry informed as under:

“DGQA associates with DRDO in Design & Developmental Projects, right from the start to ensure that quality is integrated into the System under development. DGQA, as a technical partner of DRDO, ensures that the designs are robust and manufacturable, by conducting/monitoring evaluation of the prototypes, through rigorous testing and inspection schedules, before the system moves to the production stage. DGQA has not faced any hindrance while associating with DRDO in various Design & Developmental Projects.”

The Ministry during the briefing before the Committee stated the following facts:-

“Our quality assurance for the last year was Rs. 37,600 crore and this year, we have already crossed more than Rs. 33,000 crore quality assurance coverage.”

3.6 **Defence Testing Labs**

The Ministry on being asked whether the Defence testing labs of DGQA are currently equipped with latest technology or do they require technical up-gradation, informed as under:

“Majority of the defence testing labs of DGQA are equipped with the latest technology test equipment. However, gaps, wherever existing in the availability of latest technology test equipment, have been identified through a recently conducted study on **Gap Analysis of Proof & Testing Facilities** available in the Country and accordingly Rs 1330 Cr worth of 37 long term projects and 78 short term projects for establishment and upgradation of laboratory and proof facilities have been identified. To cater for the emerging/ new technologies in weapon system, in future new labs/ capabilities may be required which would be taken up by DGQA at appropriate time.”

On specific query regarding adequacy of number of scientists, technicians, experts are working in Defence testing labs, the Ministry apprised as under:

The authorised strength of manpower for 34 Labs (since, revised to 32) is 697 No. At present 380 No is in position. DGQA is doing augmentation of manpower to overcome deficiency.

3.7 Budgetary Allocations

The Ministry with regard to the the budgetary allocation provided the following information:

BUDGET FOR LAST THREE FINANCIAL YEARS

(Rs In Crores)

YEAR	HEAD	BE (Allotted)	MA	EXPENDED
2022-23	Revenue	1284.08	1226.48	1155.62
	Capital	20.00	7.28	6.83
	Total	1304.08	1233.76	1162.45
2023-24	Revenue	1378.00	1066.20	961.56
	Capital	20.00	6.10	4.68
	Total	1398.00	1072.30	966.24
2024-25	Revenue	1460.78	1270.59	1193.55
	Capital	20.00	11.65	10.84
	Total	1480.78	1282.24	1204.39

MA – Modified Appropriations

5

BUDGET FOR FY 2025-26

(Rs In Crores)

YEAR	HEAD	BE	RE	EXPENDED*
2025-26	Revenue	1420.00	1338.44	888.69
	Capital	15.00	25.00	19.51
	Total	1435.00	1363.44	908.20

* Expenditure upto Jan 2026

BE – Budget Estimates

RE- Revised Estimates

6

BUDGET FOR FY 2026-27

(Rs In Crores)

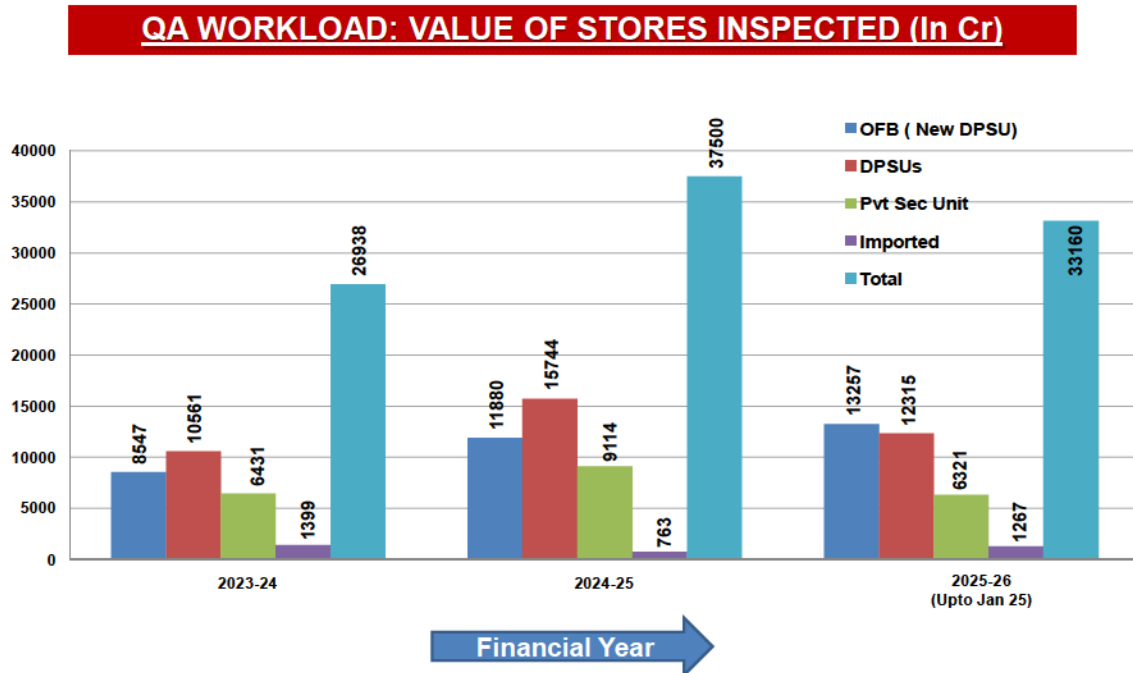
YEAR	HEAD	PROJECTED	BE
2026-27	Revenue	1462.35	1370.00
	Capital	15.00	15.00
	Total	1477.35	1385.00

BE – Budget Estimates

7

3.8 Quality Assurance (QA) Workload

The Ministry during presentation of DFG 2026-27, provided the following data with regard to the Value of Stores inspected and Quality Assurance(QA) workload:



3.9 Reforms and Initiatives by DGQA For Ease Of Doing Business

The Ministry informed the Committee about the initiatives taken for Ease of Doing Business (EoDB) as follows:

INITIATIVES FOR EASE OF DOING BUSINESS (EoDB)

- “(i) Defence Testing Portal (DTP) launched in Feb 2025 and successfully being utilised by Defence Industries as a Single Point of access to Proof and Test facilities of the entire Defence eco-system, which will ensure transparent allocation of Proof & Testing facilities. (ii) Technological upgradation of Defence PSUs undertaken through successful implementation of Industry 4.0 & QA 4.0 facilitating autonomous decision making with reduced timelines. (iii) Various SOPs formulated for Ease of Doing Business like SOPs on “Supplier Declaration of Conformity (SDoC)”, “Virtual/ Hybrid Inspection of Defence Stores”, “Provisioning and Management of Ammunition, Weapon, Proof Stock Components (PSCs) & Consumables” etc. (iv) Creation of new Proof & Testing facilities & upgradation of existing facilities based on Gap Analysis Study–
- *A total of 115 proposals (37 long term projects amounting to Rs 864.14 Cr & 78 short term projects amounting to 466.73 Cr) initiated.
- (v) Product Evaluation Centre (PEC) & Security Testing Labs (STLs) – Being established
(vi) Ballistic Testing Facility at SQAE (SA), Kanpur – Being established
(vii) Printed Circuit Board (PCB) Testing Facility at CQA (L) Bengaluru – Being established”

The Ministry while deposing before the Committee, stated the following facts regarding steps taken for ease of doing business:-

“Sir, as the industries are moving towards Atmanirbharta, the defence industries are and private industries are coming up, so, we have taken a lot of initiatives for ease of doing business. So, last year, we had launched the defence testing portal involving the various methodologies and test equipments, Through out the country, we have integrated into one portal. So, all the industries are now able to exercise their option

for getting it tested through the defence testing portal. Also, we are helping the various industries to come up with a various technological measures towards the industry 4.0 and quality assurance 4.0 adoption.

In addition, we have also given various guideline documents for the industries to support them and guide them towards the improving the quality of the ammunition and then, various deficiencies have been analysed through a gap analysis and we are on the various procurement and infrastructure development stage towards the various testing and proof methodologies. In addition, in the future technologies, we are investing Sir. We are coming out with a product evaluation centre and security testing labs and ballistic testing facilities and printed circuit board testing facilities, in all these areas, we are investing”

3.10 Role of DGQA in import of platforms/equipment

The Ministry were asked whether DGQA plays any role at any stage when the platforms, equipments etc. are imported and what kind of coordination they have with the foreign vendors, the Ministry replied as under:

“DGQA has a definite role to play as second party Quality Assurance Agency when platforms/equipment are imported from abroad. Apart from being part of No Cost No Commitment (NCNC) Trials and Field Evaluation Trials (FET), prior to Contract stage, DGQA along with the Procurement Agency, User and Maintenance agency undertakes Pre-Dispatch Inspection (PDI) at Foreign Vendor’s Premises/facilities, based on the mutually agreed Acceptance Test Procedure (ATP) and also participates in the Joint Receipt Inspection (JRI), once the stores are received by the Consignee, in India, which in case of Armament & Ammunition stores include Check Proof and in other cases any other tests in the ATP, which could not be conducted at Vendor’s Premises/facilities, abroad due to some unavoidable reasons. The foreign Vendor makes all arrangements for conducts of tests, abroad, as per ATP (part of Contract) and accordingly prior coordination is carried out by the Procurement Agency as well as DGQA with the Foreign Vendor for ensuring smooth and expeditious conduct of PDI.”

3.11 Broadening the Mandate of DGQA

On specific query regarding DGQA foraying into new areas to broad-base its current mandate, the Ministry informed as under:

“DGQA has forayed into many other areas beyond its mandate like piloting of various MoD schemes launched by Department of Defence Production to promote Aatmanirbharta in the Defence Sector. DGQA is the nodal agency for implementation of Industry 4.0/Quality Assurance 4.0 for the Indian Defence Industry, starting with the DPSUs.

To bridge the existing gap of an Indian testing/ certifying agency for bare PCBs as per Indian Mil standards, DGQA is creating a reliability/ confirmatory test centre for bare PCB testing as per JSS standards. In order to ensure sanitisation of Software Supply Chain in Defence Equipment with Trust Assurance Levels (TAL) as per IT Product Security Assurance Framework (ISAFE) Infrastructure, DGQA is setting up three Product Evaluation Centre (PECs) and Security Testing Labs (STLs) at Secunderabad. In addition to the above, DGQA is also piloting the Defence Testing Infrastructure Scheme (DTIS), aimed at establishing Greenfield testing infrastructure at two Defence Industrial Corridors (DICs) at Tamil Nadu and Uttar Pradesh.

DGQA is also managing the Defence Testing Portal (DTP), which is an online portal, wherein all the Defence related Proof/ Laboratory test facilities available in the Country including the facilities of Services, DRDO, DPSUs, Private Defence Industry and Academia are being on-boarded, providing transparency and smooth allocation of Proof/ Testing facilities available in the Country. DGQA is also the nodal agency for grant of certification under various categories to Indigenous Defence Industry, under the Defence Export Promotion Scheme, which is aimed at improving marketability of Indian Defence products abroad.

Apart from this, DGQA has also assumed the role of a facilitator to the Indigenous Defence Industry, by hand-holding them in their indigenisation efforts. DGQA is also imparting quality related training to professionals from Private Defence Industry as well as those from the DPSUs.”

CHAPTER - IV

DIRECTORATE GENERAL OF AERONAUTICAL QUALITY ASSURANCE (DGAQA)

Introduction:-

DGAQA is Regulatory authority for Quality Assurance & clearance of Military Aviation stores used by Indian Air Force, Army Aviation, Naval Aviation, Indian Coast Guard Aviation through 52 Field Offices at various locations in India.

DGAQA is the regulatory authority under Department of Defence Production, Ministry of Defence for Quality Assurance and Final Acceptance of Military Aircrafts, Associated Accessories/Stores including Air Armaments & Unmanned Aerial Vehicle (UAV) during Design, Development/Production/Repair and Overhaul/ Upgradation. DGAQA plays an important role in providing Technical Consultation to Ministry of Defence.

Roles and Responsibilities

DGAQA is actively involved in ensuring the Quality of the Military Aviation store during Design & Development, Manufacturing, Repair Overhaul, Upgradation, Life Extension etc. through Approval of Firm and its Quality Management System (AFQMS). It follows Indian Military Airworthiness Procedure-23 (IMAP-23) - a policy document covering roles and responsibilities of all stake holders and certification procedures for Military aviation stores.

DGAQA has an approved Permanent Establishment of 1177. It is headed by Director General (Additional Secretary Rank), assisted by Five Zonal Additional Director General and 34 Directors.

Quality Assurance coverage for Military Airborne stores are provided by the Regional Field Offices are co-located at DPSUs (HAL, BEL, Midhani, BDL) and OF-DPSUs, DRDO Labs etc. DGAQA has issued Approval of Firm and its Quality Management System (AFQMS) approval to 117 Firms. Registration of Firms - 121 Nos. and Test Labs -20 Nos. Value of store inspected is approx. Rs 43, 000 Cr. Per year. C-295 Project- First Military Transport Aircraft under Make in India project is at

final assembly/Testing stage in Tata Advance Systems Limited (TASL) facility at Vadodara.

4.2 Budget Allotment and Expenditure

During discussion on DFG (2026-27), the representative of DGAQA, apprised the committee about their budget and expenditure as follows:-

BUDGET ALLOTMENT AND EXPENDITURE

(Amount in Crores)			
Sl. No.	FY	Allotment	Expenditure
1	2022-2023	146.04	123.18
2	2023-2024	170.88	129.45
3	2024-2025	162.53	136.66
4	2025-2026	183.70	111.31 (Up to Dec 2025)
5	2026-2027	188.75	

4.3 Major Projects Under QA Coverage of DGAQA:

- i. Light Combat Aircraft (LCA) Manufacturing
- ii. Su30MKI Manufacturing and Overhaul
- iii. Aircraft Overhaul viz Jaguar, Mirage and Hawk
- iv. Advanced Light Helicopter (ALH)
- v. Aero Engines manufacturing and Overhaul
- vi. Air Armament store

4.4 Mandated Responsibility

The Committee, when desired to know whether DGAQA has been able to shoulder its mandated responsibility, the Ministry replied as under:

“DGAQA over the years has transformed from inspection agency to Government Quality Assurance Regulating Authority and is meticulously providing QA coverage for Military Air System and Airborne Stores, ensuring a level of safety, Reliability & Performance.”

The Ministry during the evidence before the Committee stated the following facts:-

“Sir, we provide qualification services for all airborne stores produced in DPSUs and ordnance factories, including the private sector. During development and the overall life extension of all aviation stores, AQA provides the quality assurance coverage. We have 52 establishments wherever the DPSUs are located.

As part of the Make in India project, the C295; the first project, is set to be launched in Vadodara in September. This project is a joint venture between Airbus Spain and Tata Advanced Systems Limited.

As we are working under the AFQMS mode, we have approved around 117 firms, have registered 121 firms, and have approximately 20 test laboratories. We provide coverage for all major projects regarding aviation products supplied to the Indian Air Force, Indian Army and Coast Guard, all the services.”

4.5 Existing Parameters for ensuring Quality Assurance

On a specific query on the existing parameters being followed to ensure Quality Assurance before final acceptance of Military Aircraft, Unmanned Aerial Vehicles, Aero engines, Airborne Systems, Avionics, Armaments etc, and whether the existing parameters are adequate as technology is changing at a very rapid pace and requirements of forces is rapidly evolving in complex and changed global defence scenario, the Ministry informed as under:

“QA coverage are being provided as per in Contract and methodology in accordance with Airworthiness Governing Documents viz. Indian Military Technical Airworthiness Requirements (IMTAR), Military Standard (MIL STD), Joint Services Specification (JSS) and Approval of a Firm & its Quality Management System (AFQMS). Further, they have been updated by considering present Defence Eco-System as well as international practices. Hence, existing parameters are adequate.”

4.6 The Ministry was asked whether any timeline has been framed by DGAQA for trial of Military Aircrafts, Unmanned Aerial Vehicles, Aero engines, Airborne Systems, Avionics, Armaments after their manufacture or before induction, on this the Ministry replied as under:

“Trial timelines are defined by the user for acceptance for Military air systems and Airborne Stores and the induction into the services is in accordance with the clauses stipulated on the contract between the manufacture and the user services as per Defence Acquisition Procedure (DAP)”

4.7 On being asked whether there is any plan for modernization of defence aeronautical stores by Ministry of Defence with a view to ensure Quality Assurance (QA) requirements of future acquisition, the Ministry replied that:

“Revision of DAP - 2020 is under progress.”

4.8 Challenges of Quality Control

The Ministry was asked to state the steps taken by DGAQA to mitigate the challenges of quality control during various phases of the production/services viz Design & Development, Production, Up-gradation, etc., The Ministry stated as under:

“Challenges of QC are mitigated by enforcement provisions of AFQMS like spot check, surveillance check/Quality audit, Physical verification and Capacity assessment, approval of QA related documents like Qualification Test Procedure (QTP), Acceptance Test Procedure (ATP) & Quality Assurance Plan (QAP). Draft Indian Military Airworthiness Bill is under legislative scrutiny stage. Participation in Defect Investigation and implementing

remedial measures to obviate the same in future production. Participating in various seminars/workshops with manufacturer/user for effective implementation of the same.”

4.9 On a specific query whether criteria for Capacity Assessment & Registration of Firms for procurement of Military Aircrafts and related equipment are strictly followed by DGAQA, the Ministry apprised that:

“The Physical verification and capacity assessment of the firm are undertaken for the registration of vendor in accordance with DGAQA approved SoP based on guidelines specified in Joint Services Guide (JSG) 015: 2021.”

CHAPTER – V

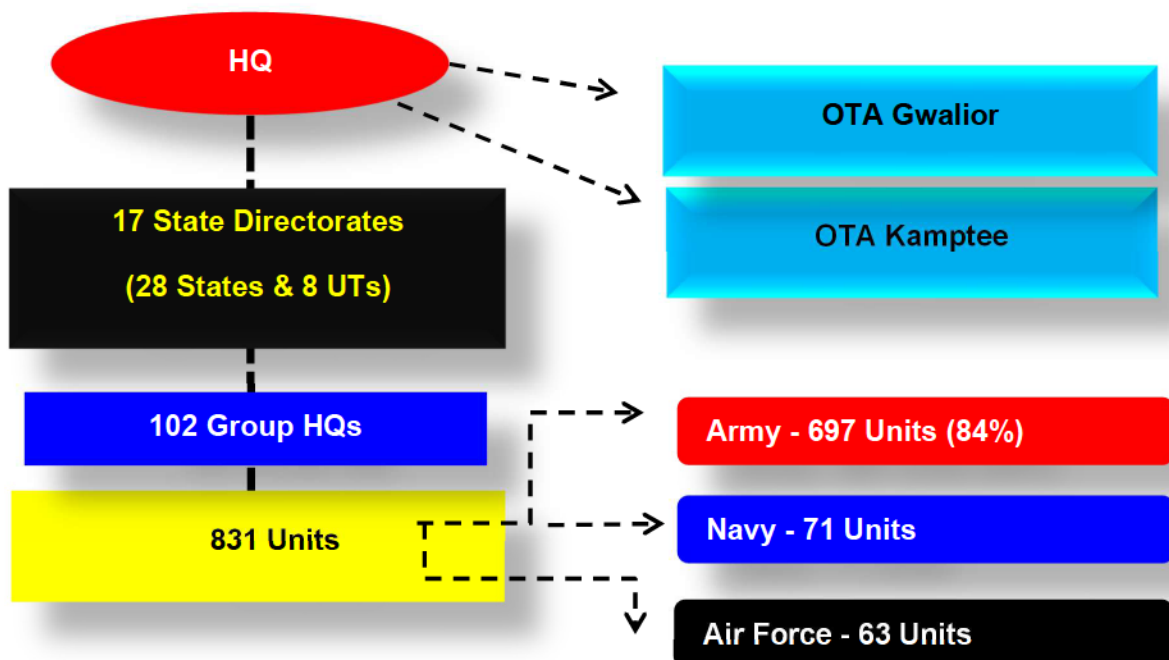
National Cadet Corps (NCC)

Aims and Objectives of NCC

The 'Aims' of the NCC laid out in 1988 have stood the test of time and continue to meet the requirements expected of it in the current socio-economic scenario of the country. The NCC aims at developing character, comradeship, discipline, a secular outlook, the spirit of adventure and ideals of selfless service amongst young citizens. Further, it aims at creating a pool of organized, trained and motivated youth with leadership qualities in all walks of life, who will serve the Nation regardless of which career they choose. Needless to say, the NCC also provides an environment conducive to motivating young Indians to join the armed forces. It also helps in developing character, comradeship, discipline, leadership, secular outlook, spirit of adventure, and ideals of selfless service amongst the youth of the country.

5.2 Organisation

The Ministry informed the Committee with the following information with regard to organization of NCC:



5.3 Status of funds allocated and expended during last five years under Revenue and Capital Heads with regard to NCC

The Ministry apprised the Committee about budget allocation of NCC as follows:

Status of funds allocated and expended during last five years under Revenue and Capital Heads w.r.t. NCC						
(Rs. in Crores)						
<u>Year</u>	<u>Allocation</u>			<u>Expenditure</u>		
	Revenue	Capital	Total	Revenue	Capital	Total
2020-21	1630.00	18.50	1648.50	1503.86	8.19	1512.05
2021-22	1849.43	12.00	1861.43	1679.16	6.48	1685.64
2022-23	2037.87	6.00	2043.87	1882.42	4.16	1886.58
2023-24	2763.12	13.00	2776.12	2433.86	5.41	2439.27
2024-25	2805.81	17.00	2822.81	2617.57	8.43	2626.00
2025-26	3000.21	18.00	3018.21	2153.53	4.80	2158.33
2026-27	3037.11	20.00	3057.11	0.00	0.00	0.00

Note:



1. Expenditure status shown under FY 2025-26 corresponds to expenditure incurred till 31st Dec 2025.
2. There are presently 23,507 educational institutions where students can opt for NCC.

5.4 Wait Listed Institutions

The Ministry apprised the Committee that, at present waitlisted institutions in the country are 11,486. In order to reduce the number of waitlisted institutions, additional 03 lakh NCC cadet expansion plan has been approved by the Government of India.



5.4 Cadets Eligibility

The Ministry informed the Committee with the following information with regard to Cadets Eligibility:



CADETS ELIGIBILITY

- ✦ **Volunteer students.** From schools and colleges
- ✦ **School Students.**
 - ✦ **Junior Division(JD)(boys) /Junior Wing(JW)(girls)**
 - ✦ **Age** - 12 years to 18 ½ years
 - ✦ **Class** - VIII to X
- ✦ **College Students.**
 - ✦ **Senior Division(SD) (boys)/Senior Wing(SW) (girls)**
 - ✦ **Age** - Below 26 yrs
 - ✦ **Class** - XI & XII / Three years in college
- ✦ **Training Period.**
 - ✦ **JD/JW** - Two years
 - ✦ **SD/SW** - Three years

5.5 Institutional Training (Primary Focus, Training Objectives and Trainer Competence)

During presentation on DFG (2026-27), the Ministry apprised the Committee with following information on institutional training:

- i. Primary Focus - Creating Disciplined and Responsible citizens.
- ii. Responsibilities of Associated NCC Officers (ANOs) & Permanent Instructional

Staff (PI Staff).

- iii. Training Objectives - Cadet Development and Societal Contribution.
- iv. Trainer Competence - Continuous Improvement in the competence levels of ANOs and PI staff.

The Ministry also informed that some new initiatives have been taken as follows:

- (i) Drone Training
- (ii) Cyber Training
- (iii) Skill Manthan & Start-up Camps – Entrepreneurship Orientation
- (iv) Idea & Innovation Camps – Promoting R&D mindset

The representative of NCC while deposing before the Committee, stated the following with regard to training in NCC:

“इस तरह से, ट्रेनिंग के मुख्य दो पहलू हैं। एक है कैडेट को डेवलप करना, सेंस ऑफ डिसिप्लिन को उनके मन में बिठाना और अन्य दूसरे स्किल्स को भी डेवलप करना। उसके बाद है सोशल कंट्रीब्यूशन करना, जिसके बारे में मैं आगे स्लाइड में बताऊँगा। We take a lot of projects which are involved in nation building. And the society has a lot of benefits. एएनओज की 3 महीने की ट्रेनिंग होती है, उसके बाद कुछ साल के बाद इनकी लगभग एक महीने की रिफ्रेशर ट्रेनिंग होती है।

दो तरह की ट्रेनिंग होती है। एक को हम वीकेंड ट्रेनिंग कह सकते हैं, जिसे स्कूल्स और कॉलेजेज में दिये जाते हैं। उसके बाद हमारे ट्रेनिंग कैम्प में भी ट्रेनिंग दी जाती है। इस तरह से, कई तरह के ट्रेनिंग्स चल रहे हैं, जैसे एनुअल ट्रेनिंग कैम्प, कंबाइंड एनुअल ट्रेनिंग कैम्प, एक भारत श्रेष्ठ भारत कैम्प, ऑल इंडिया थल सैनिक, नौ सैनिक और वायु सैनिक कैम्प, एडवांस लीडरशिप कैम्प, in which training is not only about military leadership, it's about entrepreneurship and other leaders. Then we have flagship is the Republic Day camp. And then we also have attachment to various services. It means cadets get attached to army, navy, air

force units. And each camp duration is about 10 to 12 days. इस तरह से, पूरे साल में हमारे लगभग 1500 ट्रेनिंग कैम्प्स चलते हैं। अगर हम मोटे तौर पर देखें कि सिलेबस में हम क्या सिखाते हैं, तो About 30% training is related to military. So just to get things in correct perspective, only one third is given to training. We cover a whole lot of subjects. National integration, social awareness, hygiene, disaster management. And another breakdown is that we have weapon training, drill. That is separate and adjunct training. So this is breakdown of major training.”

5.6 ⁰ On a specific query regarding the type of avenues available for NCC cadets to join the Armed Forces, the Ministry in written submission stated that :-

“(i) **Armed Forces as an Officer.** NCC cadets may join Army, Air Force & Navy, as officers under Special Entry Scheme provided they fulfill all other eligibility criteria. Cadets holding ‘C’ certificate with A/B grading are exempted from written exams conducted by UPSC & appear directly for their SSB. A percentage of vacancy is also allotted for NCC cadets with ‘C’ certificate in both, Short Service Commission & Regular Commissions in all the three services.

(ii) **Armed Forces as Other Ranks/Sailors/Airmen.** NCC cadets with ‘C’ certificate desirous of joining service through recruitment are also exempted from appearing in written exams & appear directly for physical test. The exemption from written exam and Bonus Marks give a major boost in the merit of the cadets. NCC ‘A’ and ‘B’ Certificate cadets are given extra marks in different arms as incentive during selection for Soldier Rank in the armed forces.”

5.7 **Motivating Students to Join- NCC**

When asked about the steps/ measures taken by the Ministry of Defence to motivate the students of institution / schools to join NCC along with its outcome, the Ministry replied that:

“Joining NCC is voluntary in nature. The demand for NCC is high in the educational institutions. Following efforts are being undertaken to motivate students to join NCC:

- (i) All information about NCC enrollment, training etc. is placed in public domain through NCC website.
- (ii) Officers from NCC units regularly visits educational institutions under their area of command to spread awareness about the importance and benefits of NCC.
- (iii) Social Media is being extensively used by NCC State Directorates and HQ DGNCC highlighting various schemes and benefits for NCC cadets.

5.8 Nation Building: (Social Service And Community Development (SSCD Efforts 2025-26)

During discussion of DFG (2026-27) in a presentation on NCC, the Ministry informed that following activities were undertaken for social service and Community Development towards ensuring nation building:

S No	Activity	Participation
1.	Operation Sindoor	75,000 cadets
2.	Ek Ped Maa Ke Naam	8 lakh trees by 4.5 lakh cadets
3.	Antarrashtriya Yoga Diwas	8,70,000 cadets
4.	Blood Donation camps	35,000 units
5.	Puneet Sagar Abhiyan	560T waste collected, 390T recycled
6.	Yuva Aapda Mitra Yojna	14,263 cadets trained
7.	Nasha Mukti Abhiyan	10,00,000 cadets
8.	Viksit Bharat Young Leaders Dialogue Quiz	4.5 Lakh cadets
9.	Vande Matram Celebrations	6 lakh cadets

10.	Fit India Campaign	Cyclothons -20,000 Marathons -25,000
11.	Induction into Armed Forces	529 Officers 26000 Agniveers

5.9 **Adventure Camps and Mountaineering Expeditions**

The Ministry has informed that following steps, have been taken towards ensuring a spirit of adventure and overall development of the cadets of NCC:

- (i) Trekking Camps, Jungle, Mountains
- (ii) Mountaineering Courses, Expeditions
- (iii) Desert Safari
- (iv) Microlite Flying Experience
- (v) Yachting Regatta, Sailing Expeditions
- (vi) MENU, Overseas deployment
- (vii) Mt Kang Yatse II (6111M): 2024
- (viii) Mt. Abi Gamin (7300M): 2024
- (ix) Mt Everest Expedition : 2025

5.10 **Women Empowerment**

The Ministry apprised the Committee about steps towards ensuring women empowerment in NCC as follows:

- (i) Girl Cadets Enrolment Increased to 40 %
- (ii) Mixed teams for Mountaineering Expeditions, Adventure activities
- (iii) Equal representation in Youth Exchange Programmes
- (iv) 898 girl cadets participated in Republic Day Camp 2026
- (v) Ensuring Equal Opportunities Everywhere

5.11 **Ek Pedh Maa Ke Naam**

Regarding environmental awareness initiatives, the Ministry has apprised the Committee about steps through NCC towards increasing the green cover and raising awareness with regard to the environment at large as follows:-

- (i) NCC cadets directly contribute to increasing Green Cover
- (ii) Raise awareness about environmental hazards
- (iii) Educate people among communities
- (iv) NCC's 'one tree one cadet' initiative' fosters sense of ownership
- (v) Initiative in progress since 'World Environment Day (05 Jun 24)'
- (vi) 8,00,000 Achieved Pan India

5.12 Achievement of Objectives by NCC

When enquired about whether NCC is achieving its desired objectives and whether any feedback system been developed for the cadets, the Ministry stated that:

“The NCC is achieving its desired objective. The same is achieved by conducting institutional training, Camp training and various Centrally organised camps. Further a cadet undertakes various activities as part of Social Service and Community Development activities wherein he is actively involved in social causes related to societal needs, environmental issues and government schemes related to youth there by becoming a better citizen.

Regular feedback from cadets and staff attending all the centrally organised training activities including camps is obtained. In addition, feedback on any issue pertaining to NCC can be shared via digital forum on the NIS website of NCC”

5.13 When asked specifically about the data regarding percentage of NCC 'C' Certificate holders who made direct entry through SSB during the last five years and whether same has been to the satisfaction of the Government, the Ministry informed that:

“NCC cadets aspiring for officer cadre in Defence forces have been applying through Tech/ Non-Tech Entry Scheme also due to much larger number of available vacancies. The result of NCC Special Entry Scheme (Army) has improved considerably over last few years and is satisfactory. Details are as under” :-

NCC Spl Entry Scheme (Army)						
	Vacancy	Qualified SSB	Inducted as Officer	Vacancy	Qualified SSB	Inducted as Officer
51 Course Apr 2022	50	28	28	05	43	05
52 nd course Oct 2022	50	45	45	05	49	05
53 rd Course Apr 2023	50	59	50	05	52	05
54 th Course Sep 2023	50	75	50	05	10	05
55 th Course Apr 2024	50	146	50	05	10	05
56 th Course Oct 2024	50	118	50	05	10	06
57 th Course Apr 2025	70	108	70	06	10	06
58 th Course Oct 2025	70	110	Under-going trg	06	10	Under-going trg

5.14 While apprising the Committee about the new schemes initiated by the Government involving NCC cadets during the last three years in order to utilize their Services gainfully, the Ministry submitted the following:-

“Some of the new schemes initiated by the Government involving NCC cadets during the last three years are as under:-

(1) **Vibrant Village Program-II (VVP-II)**. Under Phase-II of the Vibrant Village Programme (VVP), NCC engaged border and remote villages with the aim of strengthening nation-building efforts, fostering youth connect, and supporting holistic development of these strategically significant areas. NCC cadets actively participated in community outreach, Swachhata activities, environmental conservation drives, awareness programmes, cultural interactions, sports and adventure activities, and dissemination of information on government welfare schemes.

(2) **Seema Darshan** An endeavour is being made to expose cadets to the nuances of our national borders. Accordingly, Seema Darshan of cadets is being organised.

(3) **Yuva Aapda Mitra (YAM) Scheme**. The Yuva Aapda Mitra (YAM) Scheme, launched as a pilot project by the National Disaster Management Authority (NDMA), aims to train youth volunteers in disaster preparedness and response, particularly in flood-prone regions. National Cadet Corps (NCC), in coordination with NDMA, will train approximately 94,400 NCC cadets from 315 districts across 28 states, as nominated by the Ministry of Home Affairs (MHA) under the scheme.

(4) **Cyber Awareness** Cyber Crime prevention training has been conducted in Training Camps of NCC during 2025-26 in coordination with Indian Cyber Crime Control & Coordination (I4C, MHA).

(5) **Drone Training**. Drone training will form part of NCC curriculum which aligns with the nation's growing emphasis on integrating drones for various applications in defence, surveillance, and disaster management.

(6) **Idea & Innovation Competition (IIC) and Start-Up Presentation** The Idea Innovation Competition & Start-Up Presentation, was conducted for 340 cadets.

(7) **Skill Manthan Workshop** NCC, in coordination with 37 Sector Skill Councils under the Ministry of Skill Development & Entrepreneurship, has been enhancing the employability and market readiness of cadets through pan-India workshops equipping them with practical skills and opening avenues for career advancement.”

PART -II

RECOMMENDATIONS/OBSERVATIONS

DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUS)

FINANCIAL PERFORMANCE AND PROFITABILITY OF DPSUs

1. The Committee note from the data provided by the Ministry on that the profit after tax (PAT) in FY 2024-25 for old Defence PSUs viz, HAL, BEL, BEML, BDL, MIDHANI, MDL, GRSE, GSL and HSL stood at Rs 8317 crore, Rs. 5288 crore, Rs. 297 crore, Rs. 749 crore, Rs. 110.07 crore, Rs. 2324.88 crore, Rs. 527.40 crore, Rs. 288.44 crore and Rs. 213 crore, respectively. Similarly, the PAT in FY 2023-24 for old DPSUs , viz, HAL, BEL, BEML, BDL, MIDHANI, MDL, GRSE, GSL and HSL was Rs. 7595 crore, Rs. 4020 crore, Rs. 283 crore, Rs. 613 crore, Rs. 91.26 crore, Rs. 1845.43 crore, Rs. 357.25 crore, Rs. 271.32 and Rs. 119 crore, respectively. The Committee have been apprised that the final figures of PAT for 2025-26 will be available only after end of fourth quarter, i.e 31st March 2026. The Committee observe that PAT has been highest for HAL and second highest for BEL for both the Financial Years. The profit figures of MDL has also been over Rs.1000 crores for both the years which is really appreciable. The Committee commend HAL, BEL, and MDL for their high profit making performance during 2023-24 and 2024-25. The financial performance of all these 3 DPSUs is a leading example for all other DPSUs to follow further. Even the provisional figures of profits for FY 2025-26 till third quarter as shared through a presentation before the Committee during oral evidence of DFG 2026-27 are highly encouraging and on a progressive side which reflects their bright prospects further.

The Committee further observe that the financial performance of other DPSUs i.e. BEML, BDL, MIDHANI, GRSE, GSL and HSL has been

comparatively on a lower side. Though these PSUs recorded profits but the profit margins were not big enough as expected. The Committee urge these DPSUs to improve their financial performance by placing greater emphasis on modernization, improving order book position, investing in R&D and increasing their exports.

The Committee also find that the annual turnover for FY 2024-25 for old DPSUs viz, HAL, BEL, BEML, BDL, MIDHANI, MDL, GRSE, GSL and HSL was Rs. 30105 crore, Rs. 23024 crore, Rs. 3345 crore, Rs. 4022 crore, Rs. 1074.10 crore, Rs. 11432 crore, Rs. 5070.98 crore, Rs. 2800.85 crore and Rs. 1470.79 crore respectively. The Committee further find that the turnover of MIDHANI and HSL is on lower side whereas turnover of HAL, BEL and MDL is highly appreciable.

The Committee desire that DPSUs and Ministry of Defence should take concrete steps like import substitution, modernization, restructuring, enhancing operational efficiency, exports enhancements, adoption of latest technologies, innovations and product diversification to remain competitive and protect DPSUs from market fluctuations. The Committee also desire that Ministry should prepare a blue print to enhance the demand for products of these DPSUs to ensure higher turnout and profitability in future for all DPSUs and particularly for those DPSUs whose profitability is on lower side. The Committee would like the Ministry to inform them regarding the final profitability of DPSUs in FY 2025-26 after Q4 results at the stage of furnishing Action Taken Replies on this report.

ORDER BOOK POSITION

2. The Committee observe from the information provided by Department of Defence Production that there exists substantial variation in Order Book Position amongst old nine DPSUs. The Order Book Position

as on 31.12.2025 of old DPSUs viz, HAL, BEL, BEML, BDL, MIDHANI, MDL, GRSE, GSL and HSL stood at Rs. 2,60,960 crore, Rs. 73,400 crore, Rs. 16,359 crore, Rs. 25962 crore, Rs. 2,440 crore, Rs. 27,415 crore, Rs. 20205 crore, Rs. 32,400 crore and Rs. 18308 crore. The Committee understand that the above variation in order book position is due to nature of products/equipment and DPSUs are mostly competing to get orders.

The Committee have also been informed that future order book would depend on the requirements of armed forces and other customers and ability of DPSUs to serve those needs based on nomination or on competitive bidding basis. The Committee, are therefore, hopeful that order book position of old DPSUs would certainly improve in future and competition would act as a catalyst to excel. The Committee urge the Department of Defence Production to take appropriate actions through policies and incentives to promote these old DPSUs so that they are able to fulfil the requirements of Armed Forces and also venture into global markets for further enhancement of their order books. The Committee also wish these DPSUs to venture more into foreign markets through diversification of their products and new designs to improve their order books position.

DEFENCE EXPORTS

3. The Committee are glad to note from the information provided by the Ministry that India is exporting to nearly 100 nations and defence exports in the current financial year till 31.01.2026 stood at Rs. 27,085 crore. As per the data, the defence exports for the year 2021-22, 2022-23, 2023-24 and 2024-25 stood at Rs. 12815 crore, Rs. 15918 crore, Rs. 21083 crore and Rs. 23622 crore, respectively which indicates a positive and sound growth.

As regards the export figures for the year 2023-24 for nine old DPSUs viz, HAL, BEL, BEML, BDL, MIDHANI, MDL, GRSE, GSL and HSL the same stands at Rs. 311 crore, Rs. 764 crore, Rs. 1066 crore, Rs. 161 crore, Rs. 66.24 crore, Rs. 15.43 crore, Rs. 46.90 crore, Rs. 37.49 crore and nil (for HSL), respectively. Similarly, the export figure for the year 2024-25 for nine old DPSUs viz, HAL, BEL, BEML, BDL, MIDHANI, MDL, GRSE, GSL and HSL stood at Rs. 400 crores, Rs. 892 crore, Rs. 299 crore, Rs. 1270 crore, Rs. 94.19 crore, Rs. 6012 crore, Rs. 73.63 crore, Rs. 82.04 crore and Rs. 2.96 crores, respectively. The Committee find that the above export figures particularly of MDL and HSL are on a lower side as compared to other DPSUs. However, the overall export figure looks satisfactory in terms of its yearly growth.

The Committee hope that the above positive growth trajectory in defence exports would continue as Indian defence products are gaining popularity due to competitive pricing and quality. The Committee are also of the view that Ministry should facilitate ease of doing business(EoDB) to promote defence exports. The Committee opine that there is a need to explore new foreign markets for selling our defence products along with designing newer and advanced competitive products. There are various complexities involved in it which the Committee feel Ministry may look into appropriately.

R&D EXPENDITURE

4. The Committee learn from the reply of the Ministry that comparative study i.e. comparing products with international manufactures is a routine practice in line with market requirements and market is scanned on regular basis by the R&D group to develop new technological innovation. Further, the Committee have been given to understand that DPSUs are having world class composite R&D establishments engaged in Design and

Development of products to meet changing customers expectations and R&D activities are undertaken with their own sources.

The Committee, find that the budget earmarked for R&D expenditure in FY 2025-26 for old DPSUs viz, HAL, BEL, BDL, BEML, MIDHANI, MDL, GRSE, GSL and HSL stood at Rs. 2500 crore, Rs. 1630 crore, Rs.282 crore, Rs. 156 crore, Rs. 26 crore, Rs. 16 crore, Rs. 35 crore, Rs. 20 crore and Rs. 5 crore, respectively. Similarly, the planned R&D expenditure of DPSUs for 2026-27 for old DPSUs viz HAL, BEL, BDL, BEML, MIDHANI, MDL, GRSE, GSL and HSL stood at Rs. 2538 crore, Rs.; 1900 crore, Rs. 348 crore, Rs. 250 crore, Rs. 30 crore, Rs. 16.5 crore, Rs. 45 crore, Rs. 22 crore and Rs. 5 crore respectively.

The Committee note from above details that R&D expenditure of some DPSUs particularly MIDHANI, MDL, GRSE, GSL and HSL for FY 2025-26 stood at Rs. 26 crore, Rs. 16 crore, Rs. 35 crore, Rs. 20 crore and Rs. 5 crore respectively, and for planned expenditure 2026-27 it stood at Rs. 30 crore, Rs. 16.5 crore, Rs. 45 crore, Rs. 22 crore and Rs. 5 crore, respectively, which is very meager as compared to other leading DPSUs. However, R&D component of HAL and BEL still seem to be on a satisfactory line.

The Committee are of the considered view that Investments in R&D are not just expenses but strategic assets, directly proportional to long-term profitability and market competitiveness. For DPSUs, greater allocation of resources toward R&D is therefore in their own profit interest, ensuring sustained innovation, resilience against market disruptions, and long-term survival in an increasingly competitive defense landscape. The Committee hope that with the release of 5 year R&D road map, the proposed combined expenditure of Rs. 33,000 crore (out of which Rs. 11000 crore each is to spent by HAL & BEL and rest by other seven

DPSUs) to be spent by all nine DPSUs on R&D would be utilized fruitfully to achieve the aim of indigenization and market competitiveness.

MODERNISATION EFFORTS AND USE OF AI BY DPSUs

5. The Committee learnt that the modernization efforts of DPSUs mainly focuses on enhancing indigenous manufacturing, technology upgrades and achieving self-reliance and it is being done by DPSUs with concerted efforts. The Committee were further apprised that modernization need is reviewed on regular basis keeping in mind changing technology, critical needs and obsolescence. The Committee were also informed that with modernization efforts cumulative production capacity of DPSUs has increased significantly and total value of defence production by DPSUs in FY 2024-25 is Rs. 154071 crore which earlier was Rs. 44,096 crore (DPSUs and OFB) in FY 2013-14.

On the issue of use of AI technologies and automation in productions, the Committee were informed that DPSUs are actively integrating Artificial intelligence (AI), automation and industry 4.0 technologies to transform their functioning, manufacturing at production process and a total of 129 AI projects have been planned by DPSUs upto March, 2026 out of which 91 AI products have already been developed till date in various domains.

The Committee appreciate the modernization efforts undertaken by DPSUs which has significantly enhanced defence production by DPSUs and the use of AI in further revolutionizing the military operations. The Committee hope that the use of AI in defence sector needs to be further encouraged and promoted as it facilitates faster decision-making, increases efficiency, reduces personnel risk and shifts warfare towards intelligence automated systems. Further, with regard to the issue of

modernization, the Committee are of the view that modernization is a continuous process and hope that the Ministry will take appropriate steps to incorporate the new technological challenges and needs in order to modernize the DPSUs which are the pillar of defence production and requirements. At the same time enough focus on research & development and innovations is also required as an essential part of modernization.

INDIGENIZATION AND SELF – RELIANCE IN DEFENCE SECTOR

6. The Committee learnt that indigenization of domestic defence production is mainly driven by Aatmanirbhar initiative, a strategic priority aimed at achieving self – reliance and reducing import dependency. The Committee observe that the Government is focusing on achieving indigenization and self – reliance in defence through various initiatives and policies. These include launching of portal named ‘SRIJAN’ in August, 2020 to offer defence items to industry for indigenization which gives access to Indian Manufacturing industry of the items which have been imported in the past or are likely to be imported in future by DPSUs/SHQs and as on December, 2025 more than 47000 items are available on SRIJAN portal out of which more than 15400 items have already been indigenized.

The Committee have also been made aware that DPSUs are participating in Innovation for Defence Excellence (IDEX) launched in April, 2018 with outlay of 5 year to foster innovation and technology development in Defence and Aerospace by engaging industries including MSMEs, startups by providing grants /funds and other support. The Committee have been further apprised that it has an offshore scheme called ADITI Scheme launched on 14th March, 2024 upto 2025-26 with outlay of Rs. 750 crore for futuristic and critical technologies.

The Committee note that initiatives taken for self reliance under Aatmanirbhar Bharat are showing desired results. The defence production in FY 2024-25 of Rs. 1,54,071 crore and defence exports in FY 2025-26 (upto 31.12.2025) of Rs. 25929 crore is ample to substantiate the above fact.

The Committee further desire that concerted and timely measures be taken by the Ministry and DPSUs to achieve complete self-reliance in defence production. For this, the DPSUs and defence private sector requires adequate budgetary support, investment in R&D, availability of technology, modernization etc. The Committee hope that adequate and concrete steps will be taken to meet the above requirements.

Directorate of Ordnance (Coordination and Services) – New DPSUs

FINANCIAL PERFORMANCE AND PROFITABILITY OF NEW DPSUS

7. The Committee note from the data provided by the Ministry on the profits figures of new DPSUs that the profit after tax (PAT) in FY 2024-25 for new DPSUs viz, AVNL, AWEIL, GIL, IOL, MIL, TCL and YIL stood at Rs 335 crore, Rs. 82.74 crore, Rs. 16.67 crore, Rs. 294.73 crore, Rs. 839.86 crore, Rs. 132.96 crore, and Rs. 509 crore, respectively. Similarly, the PAT in FY 2023-24 for new DPSUs , viz, AVNL, AWEIL, GIL, IOL, MIL, TCL and YIL was Rs. 605 crore, Rs. 20.24 crore, Rs. 10.76 crore, Rs. 233.03 crore, Rs. 558.78 crore, Rs. -303 crore, and Rs. 425.58 crore, respectively. The Committee have also been apprised that final PAT for the current year i.e. 2025-26 will be available only after finalization of accounts in FY 2026.

The Committee observe that PAT has been highest for MIL and second highest for YIL for both the above years. The profit figures for AVNIL in the year 2023-24 was Rs. 605 crore and the same has reduced

considerably to Rs.335 crore in the year 2024-25. Similarly the PAT for TCL in the year 2023-24 was Rs.303 crore and the same reduced to Rs.132.96 crore in the year 2024-25. The Committee further noted that profits for the other new DPSUs viz. AWEIL and GIL are comparatively on lower side. The Committee observe that Ministry have given various reasons for loss of AWEIL and GIL stating *inter alia* that reasons for loss were due to account change in according treatment of government grant and Covid-19 pandemic and lockdown.

The Committee also find that the turnover for FY 2024-25 for new DPSUs viz, MIL, AVNL, AWEIL, YIL, IOL, TCL, and GIL, was Rs. 8214 crore, Rs. 4984 crore, Rs. 2531 crore, Rs. 3109 crore, Rs. 1541.36 crore, Rs. 553.81 crore, and Rs. 188.07 crore respectively. Hence the Committee further find that the turnover of TCL and GIL is on lower side whereas turnover of MIL, AVNL, AWEIL, and YIL is highly appreciable. The Committee urge these DPSUs to draw a road map to improve their financial performance by giving greater emphasis on R&D, modernization, efficiency and restructuring. The Committee further desire that Ministry should prepare a blue print to enhance the demand for products of these new DPSUs to enhance high turnout and profitability especially whose profitability is on lower side. The Committee would like the Ministry to inform them regarding final profitability of these new DPSUs for FY 2025-26 at the time of Action Taken Replies.

The representative of the Ministry has assured the Committee that the loss in profitability of TCL and GIL will be looked into in the new Financial Year. In this regard, the Committee would like to urge the Ministry along with the affected DPSUs to introduce a mechanism so as to protect them from such inevitable fluctuations. To this extent, the Committee hope that urgent and concrete steps will be taken by the

Department of Defence Production (DDP) to ensure that profitability of TCL does not lag behind in comparison to other DPSUs. The Committee desire that Ministry inform them regarding the profitability and exports of TCL in 2025-26 and 2026-27 at the stage of furnishing Action Taken Replies on this Report.

Order Book Position

8. The Committee note from the information furnished by Department of Defence Production that Order Book position for the newly created DPSUs i.e. MIL, AVNL, AWEIL, TCL, YIL, IOL and GIL, are Rs. 40005 crore, Rs.35065 crore, Rs.10891 crore, Rs.727 crore, Rs.5480 crore, Rs.7022 crore and Rs.193 crore, respectively up to 31.12.2025. It is observed that there exists large variation of Order Book position amongst different PSUs. The Committee understand that the above variation in order book position is due to nature of products/equipment and these new DPSUs are mostly competing in market to get orders.

The Committee have also been informed that future order book would depend on the requirements of defence forces and other market customers and ability of DPSUs to serve those needs based on nomination or on competitive bidding basis. The Committee, are hopeful that post- corporatisation order book position of new DPSUs would certainly improve in future and that mutual competition would act as a motivating factor in this regard. The Committee would suggest the Department of Defence Production to take appropriate actions through policy interventions and CAPEX support to promote new DPSUs so that they are able to diversify their products and designs and venture into foreign markets for further increasing their order books position.

DEFENCE EXPORTS

9 The Committee are pleased to note that presently, India is exporting to about 100 nations and defence exports in the current financial year till 31.01.2026 stands at Rs. 35792.06 crore. The Department of Defence Production has apprised the Committee that defence exports for the year 2023-24 and 2024-25 stood at Rs. 9301.29 crore and Rs. 11029.92 crore, respectively, which presents a satisfying picture considering the fact that new DPSUs have been corporatized recently and are currently at nascent stage.

As regards the export figures for the year 2023-24 for seven new DPSUs viz, MIL, AVNL, AWEIL, TCL, YIL, IOL, and GIL, the same stands at Rs. 3884.58 crore, Rs. 4131.95 crore, Rs. 527.07 crore, Rs. 264 crore, Rs. 37.15 crore, Rs. 520.54 crore, and Rs. 136 crore, respectively. Similarly, the export figure for the year 2024-25 for seven new DPSUs viz, MIL, AVNL, AWEIL, TCL, YIL, IOL, and GIL stand at Rs. 3991.43 crores, Rs. 4760.07 crore, Rs. 832.94 crore, Rs. 540 crore, Rs. 113.28 crore, Rs. 634.05 crore, and Rs. 158.15 crores, respectively.

The Committee find that the above export figures particularly of YIL and GIL is on lower side as compared to other DPSUs. The overall export figure of all new DPSUs combined together also needs further improvement. The Committee hope that the above positive growth trajectory in defence exports would continue as Indian defence products/equipments are gaining popularity due to competitive pricing and quality. The Committee is also of the view that Ministry should facilitate ease of doing business to promote exports, and the DPSUs should explore new global markets, invest in R&D and innovations along with designing newer and advanced competitive products.

R&D EXPENDITURE

10. The Committee have been apprised that new DPSUs are engaged in R&D in design and development of products to meet changing customers expectations and market requirements. The Committee, find that the budget earmarked for R&D expenditure in FY 2024-25 for seven new DPSUs viz, MIL, AVNL, AWEIL, TCL, YIL, IOL, and GIL stood at Rs. 60.28 crore, Rs. 66.33 crore, Rs 37.73 crore, Rs. 1.91 crore, Rs. 15.03 crore, Rs. 28.66 crore, and Rs. 3.24 crore, respectively. Similarly, the planned R&D expenditure of DPSUs for 2026-27 seven new DPSUs viz, MIL, AVNL, AWEIL, TCL, YIL, IOL, and GIL stood at Rs. 107 crore, Rs.; 276 crore, Rs. 90 crore, Rs. 7.5 crore, Rs. 42 crore, Rs. 61 crore, and Rs. 4.5 crore, respectively.

The Committee observe from above details that R&D expenditure of some DPSUs particularly TCL, and GIL for FY 2025-26 stood at Rs. 6 crore, and Rs. 4 crore respectively, and for planned expenditure 2026-27 it stood at Rs. 7.5 crore, Rs. 4.5 crore, respectively, which is very meager as compared to other DPSUs. Further, the Committee have been informed that new DPSUs are now spending nearly 1% of their turnover on R&D. On the basis of their profitability & need, the new DPSUs will try to spend funds on R&D and will try to reach 3% of turnover on R&D by FY 2028-29. The Committee feel that investments in R&D are directly proportional to company's long term profits, market competitiveness and market survival. The Committee therefore, recommend that new DPSUs should make all out efforts to progressively increase their R&D Budget as greater investments in R&D will be in their profit interest in long term.

Budget for CAPEX & modernization

11. The Committee learnt that the modernization efforts of DPSU mainly focuses on enhancing indigenous manufacturing, technology upgrades and achieving self-reliance and it is being done by DPSUs with concerted efforts. The Committee were further apprised that modernization need is reviewed on regular basis keeping in mind changing technology, critical needs and contemporary technologies. The Committee were also informed that with modernization efforts cumulative production capacity of DPSUs has increased significantly and total value of defence production by new DPSUs in FY 2024-25 is Rs. 1494 crore which was Rs. 1310 crore in FY 2023-24.

While going through the budget given for modernization of the new DPSUs, the Committee find that during the financial year 2021-22, 2022-23, 2023-24, 2024-25, and 2025-26, outlay of Rs. 1643 crore, Rs. 1310 crore, Rs. 1310 crore, Rs. 1494 crore and Rs. 1494 crore were given to these new DPSUs, respectively. The Ministry further informed that during post-corporatization, the new DPSUs were provided CAPEX support of Rs. 8745 Crore over FYs 2021-22 to 2026-27. Out of the total of allocation Rs. 7251 Crores up to 31.12.2025, the new DPSUs have incurred cumulative expenditure of Rs. 3985 Crore till 31.12.2025.

The Committee appreciate the modernization efforts undertaken by DPSUs which has significantly enhanced defence production by DPSUs, improved their order book position and enhanced their financial performance. The Committee is of the view that modernization is a continuous process and hope that the Ministry will take appropriate steps to incorporate the new technological challenges and needs in order to modernize the new DPSUs which are the pillar of defence production and requirements.

INDIGENIZATION AND SELF – RELIANCE IN DEFENCE SECTOR

12. The Committee learnt that indigenization of domestic defence production is mainly driven by Aatmanirbhar initiative, a strategic priority aimed at achieving self reliance and reducing import dependency. The Committee observe that the Government is focusing on achieving indigenization at self reliance in defence through various initiatives and policies. These initiatives, *inter-alia*, include according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020; Notification of five ‘Positive Indigenization Lists’ of total 509 items of Services as notified by DMA and Five ‘Positive Indigenization Lists’ of total 5012 of Defence Public Sector Undertakings (DPSUs) as notified by DDP; Simplification of Industrial licensing process with longer validity period; Liberalization of Foreign Direct Investment (FDI) policy allowing 74% FDI under automatic route; Simplification of Make Procedure; Launch of Mission Def Space; Launch of Innovations for Defence Excellence (iDEX) scheme involving start-ups & Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; Launch of an indigenization portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs; Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers; Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Opening up of Defence Research & Development (R&D) for industry, startups and academia; Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

Further, the Committee have been apprised that in line with the Government's 'Make in India' initiative, Ministry of Defence had earmarked 64% of the total capital budget for domestic Capital Procurement in 2021-22, which has been increased to 68% for FY 2022-23 and 75% for 2023-24 and 2024-25. While appreciating the measures being undertaken, the Committee would like to be informed of the perspective plans along with their phase-wise implementation so that it has every reason to be confident that defence sector will achieve higher degree of Atmanirbharta in near future.

The Committee note that initiatives taken for self reliance under Aatmanirbhar Bharat are showing desired results. The Committee further desire that concerted and timely measures be taken by the Department of Defence Production and new DPSUs to achieve complete self reliance in defence production. For this, the new DPSUs and defence private sector requires adequate budgetary supports, investment in R&D, availability of technology, modernization etc. The committee hope that adequate steps will be taken in this regard to meet the above requirements.

Directorate General of Quality Assurance (DGQA)

Roles and Responsibilities

13. The Committee learn that the role of DGQA is to ensure that Armaments, Stores and Equipment used by the Army and those stores of the Navy and Air Force for which DGQA is responsible, are of the specified Quality and Reliability to enhance the combat efficiency of the Armed Forces.

The Committee further note that DGQA, being a second party Quality Assurance (QA) Agency for the Land System being procured by the Services have various responsibilities, viz; Quality Assurance of

Defence Stores and Final Acceptance Inspection (FAI) of finished stores as per Quality Assurance Plan (QAP) and Acceptance Test Procedure (ATP); Participation at various stages of Capital & Revenue Procurement Process; Association in Field Evaluation Trials; Pre-Despatch Inspection (PDI) of Imported Stores & Joint Receipt Inspection (JRI); Collecting, collating, developing, amending, updating, holding and supplying sealed particulars and Tech Specs & Publications; Issuing DGQA Approvals/ Assignment Lists of Defence Stores; Investigation of Defects/ Accidents and advise remedial measures.

The Committee have been informed that DGQA has been discharging its mandated responsibilities efficiently, effectively and in a timely manner. While appreciating the fact that DGQA has been able to discharge its mandated responsibilities, the Committee urge that given the changed global geo-political security scenario, DGQA should prioritize its focus on Quality Assurance of modern warfare equipments and must ensure to meet global standards of certification, quality checks and quality assurance.

Budget

14. The Committee observe that for BE 2026-27 as against the total budgetary projection of Rs. 1477.35 crore, the allocation made to DGQA stands at Rs. 1385.00 crore including the Revenue and Capital heads. Similarly, the projection under Revenue head was 1462.35 crore, while the allocation was Rs. 1370 crore. Further, the allocation for the Revenue head has been reduced by a substantive Rs. 92.35 crore. The Committee note that for FY 2025-26, the Revenue budget at BE stage allocation was Rs. 1420.00 crore and at RE stage was brought down to Rs. 1338.44 crores,

while the expenditure (till Jan, 2026) stood at Rs. 888.69 crore only. On the Capital head side, the BE for 2025-26 was Rs. 15.00 crore, which at RE stage was revised to Rs. 25.00 crore, of which the Ministry was able to spend only Rs. 19.51 crore (till Jan, 2026).

The Committee opine that, the Ministry should fully utilise the amount to ensure optimum performance of DGQA. While pointing out the decrease in Budget Estimates by Rs 92.35 crores, against the projection, the Committee would like the Ministry to ensure that the decreased allocation does not, in any way effect the smooth functioning of DGQA. The Committee desire that DGQA budget should be increased substantially to ensure better quality checks and assurances of the Armed forces equipment which is very important. Enhanced budgetary allocation will certainly help DGQA in hiring more staff and experts for their specialized quality assurance functioning.

The Committee hope that Ministry would give due weightage to the requirement of funds at RE stage by DGQA as it is providing QA for wide range of defence items equipments and also ensuring that same meets the laid down defence standards/benchmark. The Committee also urge that Ministry may issue appropriate instructions so that under-utilization of funds is checked and corrective measures are taken at initial stage itself.

Quality Assurance

15. The Committee note that the Quality Assurance cover along-with the value of stores inspected for the year 2025-26 (till Jan. 2026) stands at Rs. 33160 crore, which for the previous year (i.e. 2024-25) stood at a

substantial Rs. 37500 crore. The same for the year 2023-24 stood at Rs. 26938 crore. The trend over the year seems to be generally increasing slightly. The Committee hope the numbers for the year 2025-26 to increase till the closing of Financial Year for better results.

The Committee are glad to note that DGQA has taken lot of initiatives for ease of doing business (EoDB) viz. launching of Defence Testing Portal for single point of access to proof and test facilities, implementation of Industry 4.0 and QA 4.0 norms, SOPs, for EoDB and creation of new proof and testing facilities and upgradation of existing facilities. The Committee appreciate that after the study undertaken on 'Gap Analysis and Testing Facilities', the DGQA has identified the gap in proof and test facilities and accordingly a total of 115 proposal, 37 long term 78 short projects have been identified. The Committee hope that the DGQA would complete the above projects in the anticipated projects completion time of 1-2 years for short term project and 4-5 years for a long term project.

The Committee feel that DGQA has assumed the role of facilitator to the indigenous defence industry and therefore it should take up responsibility to ensure quality standards of highest degree at par with global standards while at the same time enabling faster, smarter and self-reliant defence production.

Directorate General of Aeronautical Quality Assurance (DGAQA)

Role and Functions

16. The Committee note that DGAQA is the Regulatory authority under Department of Defence Production for Quality Assurance & clearance of Military Aviation stores used by Indian Air Force, Army Aviation, Naval Aviation, Indian Coast Guard Aviation through 52 Field Offices at various

locations in India. The DGAQA is actively involved in ensuring the Quality of the Military Aviation store during Design & Development, Manufacturing, Repair Overhaul, Upgradation, Life Extension etc. through Approval of Firm and its Quality Management System (AFQMS). It follows Indian Military Airworthiness Procedure-23 (IMAP-23)- a policy document covering roles and responsibilities of all stake holders and certification procedures for Military aviation stores.

The Committee observe that over the years DGAQA has transformed from inspection agency to Government Quality Assurance Regulatory Authority and is providing QA Coverage for various systems/equipments. The Committee hope that while performing the role of QA Regulatory Authority, DGAQA will keep maintaining quality through its various field establishments and ensuring that aviation products are safe, reliable and fit for operational use.

Budget

17. The Committee note that as per the information and data provided by the Ministry pertaining to DGAQA, it is observed that allocation for the years 2022-23, 2023-24, 2024-25 and 2025-26 stood at Rs 146.04 crore, Rs 770.88 crore, Rs. 162.53 crore and 183.70 crore respectively, whereas the expenditure during the same period stood at Rs 123.18 crore, Rs 129.45 crore, Rs 136.66 crore and Rs 111.31 crore (up to Dec, 2025) respectively. The Committee observe that the expenditure for all the above mentioned years have been on lower side when compared with allocation side. For the years 2022-23, 2023-24 and 20024-25 the shortfall in expenditure vis-à-vis the allocation stood at Rs 22.86 crore, Rs. 41.43 crore and Rs. 25.87 crore respectively. Further the gap between allocation and expenditure

for the year 2025-26 (till Dec. 2025) stood at Rs. 72.39 crore which is a substantial difference.

The Committee, therefore, recommend DGAQA to keep its focus on proper budgetary planning and management in future especially with the allocation of Rs. 188.75 crore for the financial year 2026-27, so that the utilization gap witnessed in previous years be minimized thereby reversing the trend. The Committee further desire that being a quality assurance authority, DGAQA should engage or hire best technical manpower specialized and experts available in the industry, so that there is no compromise with regard to services quality provided by DGAQA. Further, adequate industry best training and professional upgradation modules be arranged for existing technical manpower/staff. The Committee hope that the Ministry would allocate sufficient funds for the above in order to ensure compliance with required standards.

National Cadet Corps (NCC)

Budget

18. The Committee after examination of the funds allocated and expended under revenue and capital heads by NCC observe that allocation including both Revenue and Capital for the years 2020-21, 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26 stood at Rs. 1648.50 crore, Rs. 1861.43 crore, Rs. 2043.87 crore, Rs. 2776.12 crore, Rs. 2822.81 crore and Rs. 3018.21 crore, respectively. Further, the expenditure during the same period stood at Rs. 1512.05 crore, Rs 1685.64 crore, Rs. 1886.58 crore, Rs. 2439.27 crore, Rs. 2626.00 crore and Rs 2158.33 crore, respectively. The Committee note that the expenditure for all the above-mentioned years have been consistently on the lower side, when compared with the

allocation side. For the year 2023-24 and 2024-25 the shortfall in expenditure *vis-a-vis* the allocation stood at Rs. 336.85 crore and Rs. 196.81 crore. Further, the gap between expenditure and allocated amount for the year 2025-26 (till 31st December, 2025) stood at Rs. 859.88 crore.

The Committee observe the under-utilisation of funds which could have been utilised for infrastructural and expansion programme of NCC. The Committee, therefore desire that Ministry should make all the efforts and go for proper financial planning so that the allocated funds of Rs 3057.11 crore for the year 2026-27 are utilised fully. The Committee are of the view that an increased funding would lead to greater spending for various constructive activities and smooth functioning of NCC, while also achieving its objectives. The Committee are given to understand that the aim, objectives and opportunities of NCC are varied and it aims to create a pool of organised, trained and motivated youth to serve the nation and provide a conducive environment to motivate youth to join the Armed Forces. The Committee, therefore, recommend that allocations be increased incrementally over the period, so that required training, expansion, expeditions sports, nation building activities of NCC are not adversely affected. The Committee urge the Ministry that strict measures be taken through NCC to ensure that no under utilization of funds is reported in the future.

Training for NCC Cadets

19. The Committee note that apart from institutional training of NCC cadets some new initiatives on drone training, cyber training, skill manthan and start-up camp and ideal innovation camps have also been undertaken by NCC. The Committee express their satisfaction over the new initiatives undertaken particularly on Cyber training and drone training. The Committee are aware that cases of cybercrime/fraud are

increasing day by day and fraudsters are using new techniques/methods to commit fraud.

The Committee would therefore like that NCC Cadets be imparted comprehensive training on cyber fraud/crime aspects, so that such trained cadets can be used for training general public/elderly for proper precautions, while using various modes of cyber applications. Apart from this, the Committee recommend that cadets be also provided specific training in new fields like drone applications, new warfare methods, disaster managers applications/drill and cyber security etc. so that the cadets skill can be used in case of exigencies. The Committee strongly feel that it is high time, NCC should feel pulse of time and expand/modify training modules to include comprehensive training on all modern requirements/spheres.

Waitlisted Institutions

20. The Committee observe from the data provided by the Ministry that at present (as on September, 2025) the number of waitlisted institutions are 11,486 and in order to reduce the number of waitlisted institutions, additional 03 lakhs NCC cadet expansion plan has been approved by the Government.

The Committee feel that the figures of waitlisted institutions is substantial in numbers. The Committee while recognizing the importance and contribution of NCC in nation building, developing character, discipline and selfless service amongst young-citizens as well as opening a gateway to join Armed Forces, recommend that appropriate steps be undertaken to clear the backlog of waitlisted institutions. The Committee may be apprised about specific timeline and roadmap for expediting the completion process of waitlisted institutions.

Girl Cadets and Women Empowerment

21. During the oral evidence, the Ministry apprised the Committee about the steps towards ensuring women empowerment in NCC and informed that girl cadets enrolment has increased to 40 % of the total strength of NCC and 898 girl cadets participated in Republic Day Camp- 2026. The Committee appreciate the increase in enrolment of girl cadets as girl cadets represent a rapidly growing empowerment force similar to their male counterparts.

The Committee, therefore, desire that NCC should take concrete steps to further expand the presence of girls in NCC as part of broader, phase-wise expansion of organization. The Committee also desires that NCC develop appropriate infrastructure and other facilities at camping sites and other places for inclusion of more girl cadets in future as it has been rightly said that when women rises nation progresses.

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 Pushpendra 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 |
| 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 Pushpendra 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 |
| 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,	ADGCG

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 Estimates, 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 crore 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 Members 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 framework, R&D capacity, Defence diplomacy, skilled human resources
- (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) Docrines, 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 indegenious 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 Membes 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 Membes 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 Khawlhing	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)
15	Brig DS Basera	Secretary, KSB

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.
