

29

**STANDING COMMITTEE ON DEFENCE
(2021-22)**

(SEVENTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS (2022-23)

**DIRECTORATE OF ORDNANCE (COORDINATION AND SERVICES) – NEW DPSUs,
DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION, DIRECTORATE
GENERAL OF QUALITY ASSURANCE AND NATIONAL CADET CORPS.**

(DEMAND NOS. 20 AND 21)

TWENTY-NINTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

March, 2022 / Phalguna 1943 (Saka)

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(DEMAND NO. 20 AND 21)

Presented to Lok Sabha on 16.03.2022.

Laid in Rajya Sabha on 16.03.2022.



LOK SABHA SECRETARIAT

NEW DELHI

March, 2022 / Phalguna, 1943 (Saka)

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE (2021-22).....	4
INTRODUCTION	6

REPORT

PART I

Chapter I	DIRECTORATE OF ORDNANCE (COORDINATION AND SERVICES) – NEW DPSUS.....	7
Chapter II	Defence Research and Development Organisation.....	29
Chapter III	Directorate General of Quality Assurance.....	41
Chapter IV	National Cadet Corps.....	45

PART II

Observations/Recommendations.....	51
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APPENDICES

Minutes of the Sitzings of the Standing Committee on Defence (2021-22) held on 17.02.2021, 18.02.2021, 19.02.2021 and 12.03.2021.....	68
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COMPOSITION OF STANDING COMMITTEE ON DEFENCE (2021-22)

SHRI JUAL ORAM

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CHAIRPERSON

Lok Sabha

2	Kunwar Danish Ali
3	Shri Nitesh Ganga Deb
4	Shri Rahul Gandhi
5	Shri D.V. Sadananda Gowda
6	Shri Annasaheb Shankar Jolle
7	Choudhary Mehboob Ali Kaiser
8	Shri Rattan Lal Kataria
9	Dr. Ram Shankar Katheria
10	Shri Sridhar Kotagiri
11	Smt. Rajashree Mallick
12	Shri Uttam Kumar Reddy Nalamada
13	Dr. T. R. Paarivendhar
14	Shri Anumula Revanth Reddy
15	Shri Jugal Kishore Sharma
16	Dr. Shrikant Eknath Shinde
17	Shri Prathap Simha
18	Shri Brijendra Singh
19	Shri Mahabali Singh
20	Shri Durga Das (D.D.) Uikey
21	Vacant

Rajya Sabha

22	Dr. Ashok Bajpai
23	Shri N. R. Elango
24	Shri Prem Chand Gupta
25	Shri Venkataramana Rao Mopidevi
26	Shri Sharad Pawar
27	Shri V. Lakshmikantha Rao
28	Shri Kamakhya Prasad Tasa
29	Dr. Sudhanshu Trivedi
30	Lt. Gen. (Dr.) D.P. Vats (Retd.)
31	Shri K.C. Venugopal

SECRETARIAT

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

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2021-22), having been authorised by the Committee, present this Twenty-ninth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Directorate of Ordnance (Coordination and Services) – New DPSUs, Defence Research and Development Organisation, Directorate General of Quality Assurance and National Cadet Corps (Demand No. 20 and 21)'.

2. The Demands for Grants of the Ministry of Defence were laid on 9 February, 2022 in Lok Sabha. The Committee took evidence of the representatives of the Ministry of Defence on 16, 17 and 18 February, 2022. The draft Report was considered and adopted by the Committee at their Sitting held on 14 March, 2022.

3. 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.

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

New Delhi;
10 March, 2022
19 Phalguna, 1943 (Saka)

JUAL ORAM
Chairperson
Standing Committee on Defence

REPORT

CHAPTER I

Directorate of Ordnance (Coordination and Services) – New DPSUs

Introduction

Ordnance Factory Board (OFB), 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.

1.2 The details of information with location of various headquarters functioning under the newly created Defence Companies and the production units coming under their jurisdiction are under:

Production Units under the 7 New DPSUs

SI no	Production unit	New DPSUs and main business
1.	Ammunition Factory Khadki	Munitions India Limited This DPSU is engaged in the business of manufacturing ammunition and explosives. Registered office: Ammunition Factory Khadki, Pune, Maharashtra – 411003 Corporate office: 2nd Floor, NyatiUnitree, Nagar Road, Yerwada, Pune - 411 006
	Cordite Factory Aruvankadu	
	High Energy Projectile Factory Tiruchirappalli	
	High Explosive Factory Khadki	
	Ordnance Factory Bhandara	
	Ordnance Factory Bolangir	
	Ordnance Factory ChandaChandrapur	
	Ordnance Factory Dehu Road	
	Ordnance Factory Itarsi	
	Ordnance Factory Khamaria	
	Ordnance Factory Nalanda	
Ordnance Factory Varangaon		
2.	Engine Factory Avadi	Armoured Vehicles Nigam Limited This DPSU is engaged in the business of manufacturing vehicles. Registered and corporate office: HVF Road, Bhaktavatsalapuram, Avadi, Chennai, Tamil Nadu - 600054
	Heavy Vehicle Factory Avadi	
	Machine Tool Prototype Factory Ambarnath	
	Ordnance Factory Medak	
	Vehicle Factory Jabalpur	

3.	Field Gun Factory Kanpur	Advanced Weapons and Equipment India Limited This DPSU is engaged in the business of manufacturing weapons and equipment. Registered and corporate office: Ordnance Factory Kanpur, Kalpi Road, Kanpur, Uttar Pradesh – 208009
	Gun Carriage Factory Jabalpur	
	Gun and Shell Factory Cossipore	
	Ordnance Factory Kanpur	
	Ordnance Factory Project Korwa	
	Ordnance Factory Tiruchirappalli	
	Rifle Factory Ishapore	
	Small Arms Factory Kanpur	
4.	Ordnance Clothing Factory Avadi	Troop Comforts Limited This DPSU is engaged in the business of manufacturing troop comfort items. Registered and corporate office: C/o Ordnance Factory Equipment, Headquarter G T Road, Kanpur, Uttar Pradesh – 208013
	Ordnance Clothing Factory Shahjahanpur	
	Ordnance Equipment Factory Kanpur	
	Ordnance Equipment Factory Hazratpur	
5.	Grey Iron Foundry Jabalpur	Yantra India Limited This DPSU is engaged in the business of manufacturing Military Grade components and Ancillary products. Registered and corporate office: C/o The General Manager Ordnance Factory, Ambajhari Amravati Road Ambajhari, Nagpur, Maharashtra - 440021
	Metal and Steel Factory Ishapore	
	Ordnance Factory Ambarnath	
	Ordnance Factory Ambajhari	
	Ordnance Factory Bhusawal	
	Ordnance Factory Dumdum	
	Ordnance Factory Katni	
	Ordnance Factory Muradnagar	
6.	Ordnance Cable Factory Chandigarh	India Optel Limited This DPSU is engaged in the business of manufacturing opto-electronic items. Registered and corporate office: C/o Opto Electronic Factory, Raipur, Dehradun, Uttarakhand – 248008
	Ordnance Factory Dehradun	
	Opto-Electronics Factory Dehradun	
7.	Ordnance Parachute Factory Kanpur	Gliders India Limited This DPSU is engaged in the business of manufacturing parachutes. Registered and corporate office: C/o Ordnance Factory Equipment Headquarter, G T Road, KanpurUttar Pradesh – 208005

Budgetary provisions

1.3 The Ministry of Defence was asked to furnish the information in respect to budgetary provisions to newly constituted DPSUs/erstwhile ordnance factories and also about allocation of additional fund to run the factories. The Ministry in its written replies stated as under:

“Indents placed up to 30th September 2021 on erstwhile OFB have been converted into deemed contracts for supply of respective products. These deemed contracts provide annual targets for delivery of products. Every year, 60% of amount pertaining to that year’s target shall be paid by the Services to the DPSUs as advance as per the terms and conditions stipulated in the deemed contract. The advances provide the working capital to the newly constituted DPSUs.

Government of India has already allocated capital expenditure of Rs. 4,347Crore in RE 2021-22 (including expenditure of Rs 204 Crore upto 30th September 2021 for Ordnance Factories) and Rs. 3,810 Crore in BE 2022-23, for the new DPSUs 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.

The existing funds are being distributed based on committed liabilities and modernization plan of newly created DPSUs.

Prior to corporatization, OFB products were priced “on cost basis” for Defence Services. Every year, prices were fixed for the next year based on actual cost of production of the previous year, ensuing year and estimated cost for the coming year with a provision for upto 8% price escalation each year. Thus, there was no element of profit involved.

Subsequent to corporatisation, the indents placed by the Services on erstwhile OFB were converted to deemed contracts. The prices in the deemed contracts are the same as those applicable to erstwhile OFB for the financial year 2021-22. Thus, the deemed contracts do not have any added element of profit. The deemed contracts, however, have provision for fixed 6% price escalation per annum for the year 2022-23 onwards.

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.

The newly created DPSUs have the potential to earn profit from their supplies to Services, other Government organizations (like MHA), civil trade and exports through participation in competitive bidding against Request for Proposal (RFP)”.

Financial assistance to new DPSUs

- Pending indents with erstwhile OFB converted into deemed contracts valuing **Rs. 70,776 crore**.
- Every year, **60%** of value of Annual Delivery Plan to be paid by the Services to the DPSUs as advance.
- 60% advance for the current financial year amounting to **Rs. 7,765 crore** credited to the New DPSUs before the commencement of business date i.e. 1st Oct 2021.

For modernization – Rs. 1643 Crore (RE 2021-22)
 - Rs. 1310 Crore (BE 2022-23)

(Rs. in crores)

		RE 2021-2022	BE 2022-2023
Demand No. 21: Capital outlay on Defence Services	Investment in Public Enterprises	1643	1310
	AWEIL	347.74	226
	AVNL	310.14	282
	GIL	3.86	7
	IOL	24.82	8
	MIL	696.55	577
	TCL	7.04	7
	YIL	252.85	203

FINANCIAL ASSISTANCE TO NEW DPSUs

(Demand No. 21: Capital outlay on Defence Services)

- Emergency authorization for new DPSUs
 - Rs. 2500 Crore (RE 2021-22)
 - Rs. 2500 Crore (BE 2022-23)

GRANDFATHERING OF INDENTS**(In Rs. crore)**

S.N.	DPSU	Total Value of Deemed Contracts	Advance Received for the year 2021-22
1	MIL	23,077.13	2,329.26
2	AVNL	39,291.80	3,585.17
3	IOL	2,621.91	136.44
4	YIL	116	539.51*
5	AWEIL	4,066.55	697.36
6	GIL	548.48	60.68
7	TCL	1055	416.77
TOTAL		70,776.87	7,765.19

*includes advance received from other new DPSUs

PROJECTED PROFIT & LOSS ACCOUNT**(in Rs Crore)**

SN	DPSU	Profit(+)/ Loss(-) (2018-19)	Profit(+)/ Loss(-) (2019-20)	Profit(+)/ Loss(-) (2020-21)	Avg six month Profit(+)/ Loss(-)	Profit(+)/ Loss(-) (Oct 01, 2021 – Mar 31, 2022)	Incremental change
1	MIL	-973	-1295	-1796	-677.33	+42.82	720.15
2	AVNL	-152	-280	-554	-164.33	+33.06	197.39
3	IOL	+17	+18	-69	-5.67	+54.64	60.31
4	YIL	-588	-695	-806	-348.17	-76.69	271.48
5	AWEIL	-494	-846	-1051	-398.50	+6.58	405.08
6	GIL	-73	-97	-92	-43.67	+1.17	44.84
7	TCL	-221	-379	-229	-138.17	+24.70	162.87
TOTAL		-2484	-3574	-4597	-1775.83	+ 86.28	1862.12

**PROJECTED SAVINGS – COST REDUCTION
(Non Production Heads)**

(in Rs Crore)

Sl.No.	DPSU	Last year (2020-21) avg six monthly data	Current year (Oct 01, 21 - Mar 31, 22) Planned Expenditure	Saving	% Saving
1	MIL	290.50	269.00	21.50	7.4 %
2	AVNL	123.75	113.75	10.00	8.08 %
3	IOL	19.69	7.99	11.70	59.42 %
4	YIL	123.14	104.53	18.61	15.11 %
5	AWEIL	114.62	83.90	30.62	26.71 %
6	GIL	11.73	6.57	5.16	44 %
7	TCL	14.18	9.00	5.18	36.53 %

Order Book Position

1.4 On the issue of Order Book position in the Ordnance Factories for the next five years, the Ministry of Defence apprised the Committee as under:

“Order Book position for the newly created DPSUs for the next five years, PSU wise is as under:

(Rs in Crore)

Sl. No.	DPSUs	2022-23	2023-24	2024-25	2025-26	2026-27	Total
1	MIL	5100	4900	4500	4800	NIL	19300
2	AVNL	6276.16	4843.95	5117.19	6013.04	1503.83	23754
3	AWEIL	1685	1359	1044	544	585	5217
4	TCL	981.99	88.89	17.94	02.37	NIL	1091.2
5	YIL	1500	***				
6	IOL	2037.07	1450.62	1452.77	1210.85	1208.85	7360.2
7	GIL	254.53	129.06	76.09	40.07	1.62	501.37
Total		17834.8					

***YIL – The PSU is primarily meant for supplying intermittent products/ raw materials/ Components to other New Defence Companies. Therefore, Order Book Position for the next 05 years with services in case of YIL is not applicable. The contracts with sister New Defence Companies are being concluded on year-to-year basis as per requirements.

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. With more functional and financial autonomy, these new DPSU would explore newer markets both in the country as well as abroad.

1.5 During oral evidence of the committee, through a Power Point presentation, all the CMD of the new DPSUs, submitted on the subject as under:

1. Munitions India Limited(MIL)

पुनर्गठन के फलस्वरूप जो इन्डेंट्स थे, उनको डीमंड कॉन्ट्रैक्ट में कन्वर्ट किया गया और उसमें अगले चार वर्षों तक 2025 और 2026 तक जो हमारी ऑर्डर बुक पोजीशन है, जो स्क्रीन पर दिखाई जा रही है, यह लगभग पांच हजार करोड़ के आसपास है।

2. India Optel Limited(IOL)

सर, हमारा ग्रोथ चार्ट सामने है। अभी हमारा लक्ष्य इसे 1700 तक ले जाने का है और हमारी ऑर्डर बुक काफी अच्छी है। डिफरेंट चैनल्स से करीब 7 हजार 300 करोड़ रुपये का हमारे पास ऑर्डर है। बिजनेस ग्रोथ प्लान में हमारी गुडविल क्वालिटी इम्प्रूव करके और कस्टमर्स लेने की है। यहां तक कि प्राइवेट इंडस्ट्रीज से हमको लोड मिलने शुरू हो गए हैं। उन्होंने हमारी क्वालिटी देखते हुए हमसे खरीदा।

3. Advanced Weapons and Equipment India Limited(AWEIL)

हमारा ऑर्डर बुक पोजीशन, जब हमने एक अक्टूबर को शुरुआत की थी, 4,400 करोड़ था, आज हमारे पास में लगभग 6,850 करोड़ के ऑर्डर्स हैं और जो हमारे केसेज पाइपलाइन में हैं, उसके हिसाब से अगले 6 महीने में, सितम्बर 2022 तक हम 10 हजार करोड़ के ऑर्डर बुक पोजीशन पर टारगेट कर रहे हैं।

4. Troop Comforts Limited(TCL)

हमारे डीमंड कॉन्ट्रैक्ट्स में इस साल 838 करोड़ रुपये का ऑर्डर है और अगले साल भी हमारा ऑर्डर बुक 984 करोड़ रुपये है और बाकी 2023-24 के बाद हमारा ऑर्डर बुक बहुत कम है। लेकिन हम आपको विश्वास दिलाना चाहते हैं कि हमारा आर्डर बुक जो यहां कम दिख रहा है, चूंकि हमारी जितनी निर्माणियां हैं, इनके जितने प्रोडक्ट्स हैं, सब non-core हो चुके हैं। हमें ओपन मार्किट में

कम्पीट करना है, आरएफपी के थ्रू हमें ऑर्डर मिलेंगे। मैं आप सभी को विश्वास दिलाना चाहता हूँ कि आरएफपी के थ्रू हम बहुत सारे कान्ट्रैक्ट्स हासिल करेंगे। नए-नए प्रोडक्ट हमारे किटी में आएंगे, उसके लिए हम लोग बहुत कार्य कर रहे हैं।

5. Yantra India Limited(YIL)

सर, हमने भारत में रेलवे जैसे है, रेलवे के जो एक्सेल्स बनाते हैं, उसे वे कुछ चीन से आयात करते हैं और कोविड के समय में इसमें डिसरप्शन भी हो रही है। रेडियल फोर्जिंग की सुविधा भारत में दो ही जगह है। एक तो यंत्र इंडिया लिमिटेड के पास है और दूसरा लिमिटेड वे में रेलवे के पास है। हमारी टेक्नोलॉजी थोड़ी नई आई है। So, they are not depending upon us. कम्पीटिटिव बीडिंग में हमने ऑर्डर लिया है और अभी 380 एक्सेल्स बनाकर दे भी दिए हैं, जिन्हें उन्होंने स्वीकार कर लिया है। आने वाले समय में हमारे लिए एक नया आयाम खुल जाएगा। उनके पास एक लाख एक्सेल्स की वार्षिक जरूरत है। आने वाले दो-तीन सालों में यह काफी ग्रोथ ड्राइवर की तरह काम करेगा। हम लोग इसके ऊपर भी काम कर रहे हैं। इसके अलावा, जो सामान्य उत्पादकता को बढ़ाना है, इसके ऊपर कुछ कहने की जरूरत नहीं है।

6. Gliders India Limited(GIL)

सर, 1 अक्टूबर, 2021 को जो कान्ट्रैक्ट्स कंनवर्ट हुए, वे हमारे 548 करोड़ रुपये के थे। उसका ब्रेकअप हमारे सामने है। यह आगे आने वाले समय में कम होता जा रहा है। इसके अलावा, 1 अक्टूबर के बाद भी इंडियन एयरफोर्स और इंडियन आर्मी के साथ जो कंटिन्यूअस लाइजनिंग था, उसके बाद हम लोगों को करीब 153 करोड़ रुपये का और कान्ट्रैक्ट मिल चुका है। आज की डेट में हमारी ऑर्डर बुक 701 करोड़ रुपये की है। इंडियन आर्मी और इंडियन एयरफोर्स की जिस तरह की पैटर्न है, इनके यूनिट्स हमारे पास नियमित रूप से आते हैं। मुझे विश्वास है कि आगे आने वाले समय में हमें इनको प्रोडक्ट्स देने का मौका मिलेगा।

He further apprised the Committee:

“सर, जैसा अभी आपने देखा कि हम लोगों की ऑर्डर बुक है, वह डिमिनिशिंग है। परंतु, उसके लिए हम लोगों ने बिजनेस ग्रोथ प्लान बनाया है। उसमें बेसिकली हम लोग दो तरह से आगे बढ़ रहे हैं। पहला, हम कुछ नए प्रोडक्ट्स इंट्रोड्यूस कर रहे हैं। दूसरा, हमारा जो एग्जिस्टिंग प्रोडक्ट्स हैं, उसके लिए हम लोग नए कस्टमर बेस खोज रहे हैं। नए कस्टमर बेस इंडिया के अंदर भी हो सकता है”

Manpower

1.6 On the service conditions of employees of Ordnance Factories, the Ministry through a written note apprised the Committee, as under:

“Service Conditions of Employees Post Corporatization

1. All the employees of erstwhile OFB belonging to production units and identified non-production units transferred *en masse* to the New DPSUs
 - a) On deemed deputation on terms of foreign service without any deputation allowance
 - b) Initially for a period of two years
 2. Shall continue to be subject to all the extant rules and orders as are applicable to the Central Government servants pay scales, allowances, leave, medical facilities, career progression and other service conditions
-
1. The pension liabilities of the retirees and existing employees will continue to be borne by the Government from the Ministry of Defence budget for Defence Pensions
 2. For the employees recruited after 01.01.2004
 - a) National Pension Scheme adopted by the New DPSUs
 - b) Continuation of all special provisions applicable to Central Government employees under the National Pension System

Further on the subject, a representative of the Ministry submitted as under:

“कैबिनेट के द्वारा यह निर्णय लिया गया था कि इनको कंपनीज़ बनाया जाए। इन कंपनीज़ में लगभग 75 हजार हमारे सेंट्रल गवर्नमेंट इंप्लॉयज कार्य कर रहे हैं। यह फैसला भी लिया गया था कि सेंट्रल गवर्नमेंट इंप्लॉयज की सर्विस कंडीशन्स को हम अभी नहीं बदलेंगे। अब हमने इन कंपनीज़ में सारे इंप्लॉयज को डीम्ड डेपुटेशन पर भेजा हुआ है। उनकी सर्विस कंडीशन्स को अभी भी सेंट्रल गवर्नमेंट इंप्लॉयज के तौर पर रखने के लिए, उस पूरे काम को कोऑर्डिनेट करने के लिए भी हमने एक डायरेक्ट्रेट भी बनाया है। We call it Directorate of Ordnance Coordination Services. इसके साथ ही हमारे कुछ हॉस्पिटल्स और स्कूल्स भी हैं, जिनका मैनेजमेंट भी हमने इस डायरेक्ट्रेट को दिया हुआ है। हम इन कंपनीज़ को सिर्फ इनकी प्रोडक्शन वाली एक्टिविटीज में ही इनवॉल्व करने के कमिटमेंट के साथ आगे बढ़ रहे हैं।

इसके साथ ही डायरेक्ट्रेट का जो ब्रेकअप है, वह स्लाइड पर दिखाया जा रहा है। इसमें महत्वपूर्ण बात यह है कि हमने सात छोटी फील्ड यूनिट्स भी बना दी हैं, ताकि इंप्लॉयज से रिलेटेड जो भी प्रॉब्लम्स हों, वे उन्हीं छोटे-छोटे स्तर पर, जहां-जहां ये प्रॉब्लम्स आएँ, वहीं पर हैंडल की जा सकें। सेंट्रल गवर्नमेंट इंप्लॉयज की दिशा में हमारा यह जो कमिटमेंट है, वह अभी कन्टीन्यू कर रहा है। सारे इंप्लॉयज अभी डीम्ड डेपुटेशन पर हैं और उनको जितने भी अलाउंसेज़ सरकारी इंप्लॉयज के तौर पर मिलते थे, वे ही अभी भी मिलते हैं। अब फर्क सिर्फ इतना है कि पहले उनको ये अलाउंसेज़ कन्सॉलिडेटेड फंड और इंडिया से मिला करते थे, अब उनको कंपनीज अपने रेवेन्युज से, अपने अकाउंट्स से इन सारे पेमेंट्स को रिलीज करती हैं।

इसके साथ ही यह भी फैसला हुआ था कि पुराने इंप्लॉयज की जो पेंशन लाइबिलिटीज हैं या न्यू पेंशन स्कीम से संबंधित, वर्ष 2004 के बाद आए जो हमारे इंप्लॉयज हैं, उन सबके लिए वही प्रोविजन्स एप्लिकेबल होंगे और उनकी जो पुरानी पेंशन लाइबिलिटीज हैं, उनका निर्वहन हमारे एग्जिस्टिंग बजट द्वारा ही किया जाएगा। ये हमारी एक ब्रीफ प्रेजेंटेशन थी, ऑलमोस्ट यह एक माइलस्टोन है, जिसकी रिक्मनडेशंस हर लेवल पर कमेटीज द्वारा की गई थी। पिछले एक वर्ष में बहुत मेजर माइलस्टोन को हम हासिल कर सके हैं। I would request the representatives of all the seven companies to make brief presentation about their companies.”

He further added:

“Absolutely, Sir. This is the commitment made by us before the Cabinet decision was taken. The similar commitment has also been made before the Parliament. At the same time, all the affidavits in the courts expressed the same views. Their service conditions have not been altered and they will not be altered. As of now, they are getting their salaries as before, जो सैलरी उनको सेंट्रल गवर्नमेंट इंप्लॉयज के तौर पर मिलती थी। Now, it is coming from the company budgets. It is certain that in the near future, companies will make their own policies. They will offer various roles. If the employee thinks it proper, he can get absorbed in the company. Till they are not absorbed, they continue to remain as Central Government employees and their service conditions will not be altered to their detriment.

On the issue of fresh recruitment, he added that

“Fresh recruitment has already been stopped for the last two years because we know that the companies are getting corporatized. Actually, we are already overstaffed. We have more than 75,000 employees already working here. The total production that used to come out of the erstwhile Ordnance Factory Board was around rupees ten to twelve thousand crore. The employee productivity was very very low.

Now, the efforts are being made to increase the production because we do not want to retrench any employees. Right now, we are not recruiting anybody. We

have not been recruiting for the last two years. The companies will make their own organisation structure, job profiles etc. Based on that, wherever they require fresh talent to be inducted, that will be done by the respective companies”.

Indigenisation

1.7 1. Munitions India Limited(MIL)

Current Indigenisation Content is 95%and import content is 5%

“म्युनिशंस इंडिया लिमिटेड के बारे में मैं यह कहना चाहूंगा कि हमारे पास दो तरह की टेक्नोलॉजी है। एक टेक्नोलॉजी वह है, जो देश में विकसित की गई, निर्मित की गई और एक तकनीक वह है, जिसका हस्तांतरण हमने विदेशों से किया। अगर वर्ष 2020-21 के आंकड़ों को देखें, तो जो हमने अपने देश की डेवलप हुई तकनीक इस्तेमाल की, उससे हमने लगभग 58 प्रतिशत प्रोडक्ट्स बनाए और जिस टेक्नोलॉजी को हमने विदेश से लिया था, उससे 42 प्रतिशत प्रोडक्ट्स हमने बनाए। इस 42 प्रतिशत में भी हमने पूरी टेक्नोलॉजी आत्मसात कर ली है और आज हमारा इंडिजिनाइजेशन लेवल, एम्युनिशन की फील्ड में, 95 परसेंट है।”

2. Armoured Vehicles Nigam Limited (AVNL)

Product	% of Indigenisation	Import content
Tank T-72	96%	4%
Tank T-90	80.1%	19.9%
ICV BMP-2/2K	98.5%	1.5%
V46-6 Enginefor T-72 Tank	100%	NIL
V92S2 Enginefor T-90 Tank	100%	NIL
UTD-20 Engine for BMP-II	83.04%	16.96%

“हमने पिछले पांच सालों में 1100 करोड़ रुपया अपने प्लांट्स और मशीनरी को अपग्रेड करने के लिए खर्च किया है। हम तीन प्रोडक्ट रशियन कोलोब्रेशन से बनाते हैं। हमारा टी-70 टैंक 96 पर इंडिजनस हो चुका है। टैंक टी-90 में हमारा इंडिजिनाइजेशन लगभग 80 परसेंट है और अगले तीन से चार महीने में यह 95 प्रतिशत हो जाएगा।”

3. India Optel Limited (IOL)

“सर, इंटीजेनाइजेशन लेवल हमारा काफी दिन पहले शुरू हो चुका था। अभी हम काफी अच्छी पोजीशन में हैं। बीएमपी-2 में हमारा 100 परसेंट सेटिंग सिस्टम इंटीजेनाइज है। जो टी-72 है, उसमें जितने भी साइटिंग सिस्टम्स और फायर कन्ट्रोल सिस्टम्स हैं, वे 100 परसेंट इंटीजेनाइज हैं। टी-90 में बेशक हमने थोड़ा लेट शुरू किया था, फिर भी हमारे 9 सिस्टम्स 100 परसेंट इंटीजेनाइज हैं और हमने जो शुरू के 5 साल पहले से जो इंटीजेनाइज किया है, उसमें अभी भी काफी इम्पेक्ट दिया गया है, जो कि हमने प्राइवेट कंपनी, डीआरडीओ लैब और इन हाउस के आरएनडी के अंतर्गत किया है।“

4. Advanced Weapons & Equipment India Limited(AWEIL)

Present Indigenisation Content – 94% and import 6

“जहाँ तक इंटीजेनाइजेशन लेवल है, जो प्रोडक्ट्स हम लोग बनाते हैं, उसका 94 परसेंट इंटीजेनाइस्ड प्रोडक्ट हम यूज करते हैं।“

“Sir, now, in fact, we have reviewed all the buy-global cases. Many of these technologies that we have already developed, all those buy-global cases have now been reviewed. I think, going forward, most of the small arms are going to be bought in India or manufactured in India because we are also acquiring certain technologies through joint ventures that we have established with Kalashnikov and this company. We will not just Make-in-India for India but we will, I think, Make-in-India for India and for the world.

He further added:

Sir, Dhanush is our indigenously designed and developed artillery gun developed by earlier the Ordnance Factory Board but now it belongs to AWE India. The indigenisation levels in Dhanush are 95 per cent. Now, it is not a prototype thing and they are being acquired by the services now”

5. Yantra India Limited (YIL)

100% Indigenous Content

“सर, आपको जानकर खुशी होगी कि हमारा यूनिट एक ऐसी यूनिट है, जो कि 100 प्रतिशत स्वदेशी है। कोई भी एक रुपये का जो आयात है, हमारे यहां पर यंत्र इंडिया लिमिटेड के अन्दर नहीं हो रहा है।

“सर, अभी तक, जैसा मैंने पहले बताया कि हमारा 100 प्रतिशत स्वदेशी प्रोडक्ट है, कोई आयात नहीं है, लेकिन हमारे सेक्रेटरी साहब और ए.एस.डी.पी. सर लगातार वार्तालाप करते रहते हैं। डीडीपी के द्वारा क्रीटिकल काम्पोनेंट्स की लिस्ट सबके साथ शेयर की गई है। उसमें हम देख रहे हैं कि अभी तक हम जो आयात करते हैं, उसका कैसे स्वदेशी उत्पादन करें। उस पर भी हमारा फोकस है।”

Research and Development Expenditure

1.8 1. **Munitions India Limited (MIL)**

Year	2017-18	2018-19	2019-20	2020-2021
R&D Exp (in Rs Crores)	9.73	17.14	27.63	10.40
R&D Exp/ Vol (%)	0.15%	0.37%	0.77%	0.22%

“जहां हम आलरेडी सप्लाई कर रहे हैं और जो सैफ्रन कल्चर में दिखाया है, ये वे कंट्रीज हैं जिनकी तरफ हम जा रहे हैं। हम आर एंड डी का काम भी करते हैं। अभी तक ज्यादा विस्तार रूप से नहीं कर रहे थे, लेकिन अब इंडियन इंडस्ट्री, डीआरडीओ, एकेडेमिक इंस्टीट्यूशन्स के साथ काम कर रहे हैं और हमें उम्मीद है कि अगले वर्ष में हमारा आर एंड डी एक्सपेंडिचर लगभग एक परसेंट हो जाएगा, जो अभी 2.2 परसेंट है।”

2. **Armoured Vehicles Nigam Limited (AVNL)**

AVNL units are having Ordnance Development Centres to carryout product improvement and indigenization by In-House R&D Activities.

Details of R&D projects undertaken by AVNL :

S. No.	Unit	No. of Projects	Project Cost (In Crs)
1.	VFJ	6	5.75
2.	OFMK	11	239.21
3.	HVF	6	24.30
4.	EFA	2	13.91
5.	MTPF	18	26.86
	TOTAL	43	310.04

“आर एंड डी के तहत पांचों फैक्ट्रीज में डेवलपमेंट सेंटर्स हैं जो प्रोडक्ट्स के इम्प्रूवमेंट के लिए काम करते हैं और लगभग 43 आर एंड डी प्रोजेक्ट्स पर काम हो रहा है। हमने यह डिजाइन किया है कि मेजर प्लेटफार्म्स इंस्ट्रुमेंट्रीज और एकेडमिक इंस्टीट्यूशन्स के साथ मिलकर बनाएंगे। एफआईसीटी के ऊपर काफी काम हो चुका है और बाकी चार हमने आईडेंटिफाई किए हैं और इन पर हम शुरूआत कर रहे हैं। इन पांच प्लेटफार्म्स को डेवलप करने के लिए आठ से दस साल का टाइम फ्रेम लेकर चल रहे हैं। आत्म निर्भर भारत के लिए हम पूरी तरह से कमिटेड हैं। हमारा हाल ही में सबसे बड़ा अचीवमेंट यह है कि दोनों इंजन्स सौ प्रतिशत इंडिजिनाइज कर दिया है। हम लोग आर्म्ड फोर्स के लिए हैंड होल्डिंग करते हैं और जो इंस्टीट्यूट्स ऑफ लर्निंग है, उनको ट्रेनिंग प्रोवाइड करते हैं। हम लोग फार्वर्ड लोकेशन्स पर भी जाते हैं और सर्विस कैम्पस लगाते हैं और इंटरैक्शन मीटिंग्स भी करते हैं।”

3. **India Optel Limited (IOL)**

Year	2020-21	2019-20	2018-19	2017-18	2016-17
R&D Exp (in Rs Lakhs)	233	260	347	330	384
R&D Exp/ Vol (%)	0.34	0.26	0.38	0.38	0.30

4. **Advanced Weapons & Equipment India Limited(AWEIL)**

“सर, आरएंडडी पर हमारा मेजर फोकस है और आर्टिलरी गन्स में हमने काफी प्रोग्रेस की है। धनुष के अलावा 52कैलिबर का टोड गन और माउन्टेड गन, ये दोनों हमारे प्राइम प्रोजेक्ट हैं, जिसकी इनिशियल डेवलपमेंट हम कर चुके हैं और इनिशियल फायरिंग्स भी हम लोग कर चुके हैं। अब उसके बल्क प्रोडक्शन की तरफ प्रोग्रेस कर रहे हैं। इसके अलावा मिडियम कैलिबर में भी 40मिलिमीटर क्लोज-इन-वेपन-सिस्टम ऑलरेडी हम लोग कर चुके हैं और भारत इलेक्ट्रॉनिक्स और एलएनटी के साथ में हम एक केस में ऑलरेडी बिड कर चुके हैं, जिसके टेंडर्स के ऑर्डर फाइनलाइजेशन का इंतजार हम लोग कर रहे हैं। इसके अलावा एक और केस हमारे हाथ में है, जिसमें हम लोग आर्मी के लिए सिमिलर गन के लिए पार्टिसिपेट कर रहे हैं। 30एमएम का ट्विन बैरल एयर डिफेंस गन भी हम डेवलप कर चुके हैं, जिसकी काफी एक्सपोर्ट में डिमांड है। मोर्टार के क्षेत्र में 60मिलिमीटर मोर्टार हमारा प्राइम प्रोडक्ट है, जो हम डेवलप करने की कोशिश कर रहे हैं, जिसकी वर्ल्ड में काफी डिमांड है। इसके अलावा स्मॉल आर्म्स में भी काफी प्रोजेक्ट हम लोग हाथ में ले चुके हैं, जिनकी इंडिया में खपत हो और एक्सपोर्ट में भी कन्टेम्परेरी हैं। यह हमारे ग्रोथ ड्राइवर प्रोजेक्ट्स की लिस्ट है, जिन्हें हम तत्काल भविष्य में टारगेट कर रहे हैं। इसमें पहला एके-

203 है, जिसे रशिया के साथ में टीओटी ट्रांसफर के थ्रू हम लोग बनाने की कोशिश करेंगे, आयुध निर्माणी कोरबा में। इसके अलावा क्लोज-इन-वेपन-सिस्टम का मतलब बता चुका हूँ, टेंडर ऑलरेडी खुल चुके हैं, ऑर्डर फाइनलाइजेशन अभी बचा हुआ है। इसके अलावा टाइन गन आर्टिकल का भी ऑर्डर हम लोग एक्सपेक्ट कर रहे हैं।“

5. Troop Comforts Limited(TCL)

R&D EXPENDITURE (PERCENTAGE OF VALUE OF ISSUE)

2016-17	2017-18	2018-19	2019-20	2020-21
0.01	0.014	0.035	0.048	0.22

“इस वर्ष हमारा आरएंडडी पर एक्सपेंडिचर 0.22 परसेंट है, वैल्यू ऑफ इश्यू के कमपेरिजन में। हमारा अगले साल तक कम से कम दो से तीन परसेंट तक इसको लेकर जाने का लक्ष्य है। जब तक हम नए-नए उत्पाद नहीं लाएंगे और नए-नए उत्पाद अपने कस्टमर्स को नहीं देंगे तो हमारा ग्रोथ सम्भव नहीं होगा। हम कॉन्फिडेंट हैं कि हम आरएंडडी के माध्यम से बहुत सारी चीजें लाकर देंगे, इम्पोर्ट सब्सिट्यूशन देंगे, जो हमने आगे की स्लाइड में दिखाया है।“

6. Yantra India Limited(YIL)

“इसके अलावा, हम लोग आर. एण्ड डी. के ऊपर पूरा जोर देंगे। पहले हम लोग डीआरडीओ के ऊपर निर्भर रहते थे या इंटरनल आर. एण्ड डी. भी होता था, उसमें भी एनहांस करेंगे और कॉस्ट रिडक्शन मैसेज भी ले रहे हैं, ताकि हम लोग कॉमर्शियली वाएबल हो सकें।“

7. Gliders India Limited(GIL)

Year	2018-19	2019-20	2020-21	2021-22
Value	30.28	17.70	28.02	15

“सर, हम लोगों का आर एंड डी एक्सपेंडिचर अभी सिर्फ 15 लाख रुपये है। लेकिन, हमें उम्मीद है कि आने वाले समय में, स्पेशियली जो सर्विसेज के अलावा पैराशूट बनाने का प्रयत्न कर रहे हैं, उसमें हम लोगों का आर एंड डी एक्सपेंडिचर जरूर बढ़ेगा।“

Export

1.9 Export & Domestic contracts of newly DPSUs

(in Rs Crore)

S. N.	DPSU	Value of Contracts awarded post Oct 01, 2021		Contracts Under Negotiations (Likely to be awarded till March 31, 2022)	
		Domestic market	Export	Domestic market	Export
1	MIL	-	87.28	225	473
2	YIL	121	-	3003	2828.32
3	AWEIL	89.74	-	4400	88.42

1. Munitions India Limited (MIL)

MIL has already obtained Exports orders worth Rs 87 crore. Aim to increase Exports from existing 2% of Annual Value of Issue to 8% by next year. Steps taken to further increase the export are Response time reduced considerably, Export Promotion Cell, Registered with Defence EXIM Portal and DGF, Channel Partners, "Product : Country" Matrix, New geographies and products continuously explored

“में एक्सपोर्ट के बारे में माननीय चेयरमैन साहब और ऑनरेबल मेंबर्स को बताना चाहूंगा कि 1 अक्टूबर, 2021 को जब हमारी यह कंपनी बनी, उसके बाद से हमने 33 इंटरनैशनल टैंडर इंकवायरीज में पार्टिसिपेट किया है, जिनकी वैल्यु लगभग 2,500 करोड़ रुपये है। उसमें से हमें 87 करोड़ रुपये के ऑर्डर्स ऑलरेडी मिल चुके हैं और हमने प्रोडक्शन का अपना कार्य प्रारंभ कर दिया है। इसके अतिरिक्त 500 करोड़ रुपये का हमारा एक बहुत बड़ा ऑर्डर लगभग फाइनल स्टेज पर है, जिसकी हमें उम्मीद है कि 31 मार्च से पहले वह हमें मिल जाएगा।

2. Armoured Vehicles Nigam Limited (AVNL)

“हम एक्सपोर्ट मार्केट में एंटर करने की कोशिश कर रहे हैं। हमने पिछले महीने 30 लाख का एक्सपोर्ट आर्डर एग्जिक्यूट किया है। जिन प्रोडक्ट्स के बारे में मैंने बताया, उनके लिए हमारी पड़ोसी देशों के साथ बात चल रही है। बांग्लादेश, नेपाल के साथ हमारी बात चल रही है। हम जो तीन प्रोडक्ट रशियन टेक्नोलॉजी के साथ बना रहे हैं, उनका एक्सपोर्ट पोटेंशियल जरूर है लेकिन आईपीआर रस्ट्रिक्शन की वजह से पाबंदी है।“

3. India Optel Limited (IOL)

Focussed countries for exports are Algeria, Sri Lanka, Middle East Countries, Philippines, South Africa, Nigeria, Bhutan & Nepal

“इसके साथ ही हमारा डेडिकेटेड एक्सपोर्ट प्रमोशन ग्रुप भी हमने शुरू किया है, क्योंकि हमें एक्सपोर्ट से कमाना है।”

4. Advanced Weapons & Equipment India Limited (AWEIL)

“एक्सपोर्ट के लिए काफी इनिशिएटिव्स हमने लिए हैं, क्योंकि हमारे जो भी प्रोडक्ट हैं, चाहे वे आर्टिलरी गन्स हैं, चाहे नेवल गन्स हैं या एयर डिफेंस गन्स हैं, स्मॉल आर्म्स वेपन्स हैं, इन सबका एक्सपोर्ट पोटेंशियल काफी ज्यादा है, इसलिए हम डिफेंस अटैच्युज के थ्रू या दूसरे चैनल्स के थ्रू या इवेन दूसरे जो इंडिया में जॉइंट वेंचर्स करके एक्सपोर्ट को, मार्केट को एक्सप्लोर करने के लिए काफी अग्रेसिवली बढ़ रहे हैं। 5 केसेज में ऑलरेडी हम लोग प्रोग्रेस कर चुके हैं, जिसके ऑर्डर हमें मिलने की संभावना है।”

5. Troop Comforts Limited (TCL)

“हमने आज की तारीख में ट्रूप कंफर्ट्स लिमिटेड से कोई एक्सपोर्ट नहीं किया है।”

6. Yantra India Limited (YIL)

- a) Yantra India Limited (YIL) obtained Importer Exporter Code(IEC No. AABCY4214A).
- b) Export of High Caliber Artillery Shells.
 - i) 155 MM ERFB HE (BT/BB) Shells (40,000 Nos. worth Rs. 200 Cr.) to M/s Lahab, Abu Dhabi, UAE.
 - ii) Contract agreement is likely to be concluded by March 2022.
- c) EPC Projects for Manufacturing of Artillery Hardware.

YIL has submitted techno-commercial bid to M/s Lahab, Abu Dhabi, UAE on 26-10-2021 for participation in RFP to establish manufacturing line for production of 155 MM caliber Artillery Hardware.

- d) Export of Small Arms Ammunition.
 - i) YIL has received order for supply of 230 MT GM cups 7.62 mm NATO from MIL for their export orders of 7.62mm ammunition.
 - ii) YIL is expecting order for supply of Brass and GM Cups to MIL for their expected export orders of 250 Million numbers of 5.56mm ammunition.

“आने वाले समय के चैलेंजेज को देखते हुए हम लोग अभी कोशिश कर रहे हैं कि निर्यात की तरफ ध्यान दिया जाए और निर्यात की तरफ हमने कुछ कदम आगे बढ़ाए हैं। आयात-निर्यात का जो रजिस्ट्रेशन है, वह भी हमने ले लिया है। 155 शेल एम्युनिशन का हार्डवेयर लेने के लिए हम लोग अभी बहुत एडवांस्ड स्टेज में चल रहे हैं। इसका ऑर्डर मिलने की बहुत उम्मीद है। इसके अलावा, कुछ देश ऐसे भी आ रहे हैं, जो चाह रहे हैं कि हम लोगों का जो शेल मैन्यूफैक्चरिंग का प्लांट है, उनके यहां जाकर लगाएं। जो अभी तक हम लोग करते रहे हैं कि दूसरे देशों के लोग आकर हमारे यहां लगाते रहे हैं तो अभी हम लोग रिवर्स ब्रेन ड्रेन करने वाले हैं कि यहां से बनाकर हम लोग प्रोजेक्ट लेकर जाएंगे और उनके शेल मैन्यूफैक्चरिंग की सुविधा को क्रिएट करने की कोशिश करेंगे क्योंकि इसकी जो तकनीक है, वह पूर्णतया हमारे पास उपलब्ध है। इसके अलावा, आर्म्स एण्ड एम्युनिशन्स में हमारे मित्र, जो एम्युनिशन्स इंडिया लिमिटेड में हैं, उनको जो भी टारगेट्स मिल रहे हैं, जो एक्सपोर्ट ऑर्डर्स आ रहे हैं, कुछ हमारी तरफ से आ रहे हैं, कुछ वे लेकर आ रहे हैं, उनमें भी हम उनकी प्राइस के हिसाब से, उनकी सुविधा के हिसाब से उनके साथ लगे हैं और इसमें भी हम आगे बढ़ रहे हैं।”

7. Gliders India Limited (GIL)

- a) GIL has exported various parachutes like Brake Parachute for SU30, Brake Parachute for Jaguar and Brake Parachute for MIG-21 to different foreign countries in South east and Central Asia.\
- b) Presently GIL is actively pursuing export leads in South East Asia and US/Europe.

“बेसिकली हम लोगों का फोकस एक्सपोर्ट के लिए है। एक्सपोर्ट के लिए हम लोगों ने पूरी मैट्रिक्स बनाई है कि कितने फाइटर एयर प्लेन्स किस कंट्रीज़ के पास हैं, जिनके ब्रेक पैराशूट हमारे निर्माणी में स्टैंडर्ड प्रोडक्ट के रूप में हम लोग आज बना रहे हैं। हम लोगों ने जितने कंट्रीज़ शॉर्ट लिस्ट किए हैं, उनके साथ हम लोग लगातार टच में हैं।

सर, हमें कुछ लीड्स मिली है, स्पेशियली साउथ-ईस्ट एशियन कंट्रीज़, सेन्ट्रल एशियन कंट्रीज़ और ईस्टर्न अफ्रीकन कंट्रीज़ में मिली है।

सर, उसी क्षेत्र का मैंने बताया कि पैराग्लाइडिंग और पैरासेलिंग में आज की डेट में करीब-करीब पचास हजार पैराग्लाइडर्स भारतवर्ष में हैं, जो एक्टिवली इनवॉल्ड हैं। उनका जो पैराशूट्स की रिक्वायरमेंट है, वह इंपोर्ट में हो रही है। आज की डेट में जो उनका आस्किंग रेट है, जिन कंट्रीज़ में ये बन रहे हैं, वे उन्हें दे नहीं पा रहे हैं, इसलिए वे लोग चाह रहे हैं कि हम लोग इमीडिएटली

इसको टेक अप करें। अभी हम लोगों ने ऑलरेडी स्टार्ट किया कि दस-ग्यारह जो पैराग्लाइडर्स के सेट थे, वह एयरोस्पोर्ट्स क्लब के थ्रू हमारी फैक्ट्री में आए हैं। उन्होंने बोला था कि आप रीइंस्पेक्ट करके दीजिए, क्योंकि उनकी काफी लाइफ हो गई थी। हम उस एक्टिविटी में ऑलरेडी इनवॉल्व्ड हो गए हैं। मुझे उम्मीद है कि यह जो एरिया है, इसमें हम लोग सफल भी होंगे और आने वाले समय में हमें मार्केट भी अच्छा मिलेगा। “

Challenges faced by the new DPSUs

1.10 During the power points presentation, the CMD of new DPSUs submitted the challenges/problems faced by them after Corporatisation

1. Munitions India Limited (MIL)

a) Transition from Government setup to Commercial Entity

- *Continuous engagement and dialogue with workforce for confidence building*
- *Support of specialists for mitigating Financial, Procedural Compliances*

b) Skewed Workload – Factories engaged in manufacture of High Explosives, Small Arms Ammunition are sub-optimally loaded

- *Focus on Export orders*

c) Deemed contract, which constitute about 85% of workload, do not have any provision of profit

- *Cost reduction and productivity improvement measures*

2. Armoured Vehicles Nigam Limited (AVNL)

a) Transition from Government setup to Commercial Entity

b) Gap between the available and required Skill set

c) Change of mind set of employees to adopt to new system

d) To make the operations profitable

e) Limited / restricted vendor base

f) Timely receipt of Import / product support items

3. India Optel Limited (IOL)

a) To emerge as Manufacturer of indigenously designed products/systems from being presently TOT based Manufacturer.

b) To reduce dependence on new DPSUs by increasing Customer Base.

4. Advanced Weapons & Equipment India Limited (AWEIL)

- a) Migration from Government entity to Corporate entity.
 - a) Alignment of WorkForce through continuous engagement at all levels.
 - b) Engaging consultants in the field of Accounting, Auditing, Costing, and Compliances.
- b) Sub-optimal workload in the area of Small Arms and Large Calibre Weapons.
 - a) Participating in various RFPs – directly as well as in conjunction with Indian vendors through co-production route.
 - b) Increased focus on exports
 - c) Introduction of new products
 - d) Diversification into non-defence products
 - e) Outsourcing – Contract Manufacturing, allowing proof ranges and laboratory facilities by private vendors
- c) High Cost of Production due to sub-optimal workload.
AWEIL is focusing on reducing the Cost of Production through increasing productivity, recasting the Buy-and-Make strategy, and reducing infructuous expenditure.

5. Troop Comforts Limited (TCL)

- a) Almost all the Principal and non-principle items of TCL of all Indentors Army, Navy & IAF have been declared non-core, to be off-loaded to trade in phased manner by 2026-27.
- b) No long-term indent available as target is given based on 2 years requirement only.
- c) Transition from Government setup to Commercial Entity
 - a) Continuous engagement and dialogue with workforce for confidence building
 - b) Support of specialists for mitigating Financial, Procedural and Compliance Issues
- d) Deemed contract, which constitute almost 100% of workload, do not have any provision of profit.

Various initiatives are being taken to reduce the cost of production and improve productivity

6. Yantra India Limited (YIL)

- a) Transition from Government setup to Commercial Entity
- b) Reduced Workload
- c) Development of design capability
- d) Cost reduction and improvement in productivity

7. Gliders India Limited(GIL)

- a) Transition from Government setup to Commercial Entity
- b) Reduced Workload
- c) Development of design capability
- d) Cost reduction and improvement in productivity”

1.11 During oral evidence of the Committee, CMD of the new DPSUs also apprise the Committee on this subject:

1. Munitions India Limited (MIL)

“सर, हम लोग एक सरकारी संस्थान से एक कंपनी में कनवर्ट हुए हैं। हमारे सामने काफी चुनौतियां हैं, जिनका मुकाबला भी हम लोग कर रहे हैं। कुछ नए फंक्शन्स, जैसे फाइनेंस और अकाउंट्स को हमने टेक-ओवर किया है। हमको अपनी अकाउंटेंसी से कॉमर्शियल में कनवर्ट करना है, उसके लिए हम लोग एक्सपर्ट्स की सहायता ले रहे हैं और हमारे जितने भी इम्प्लॉयड्स हैं, उनको हम ट्रेनिंग भी दे रहे हैं, जिससे कि वे बदले हुए माहौल में अपनेआप को ढाल सकें। हमारी मुख्य समस्या वेंडर बेस की है, क्योंकि हम जो टैंक बनाते हैं, वे 100 नंबर के करीब बनते हैं और उसके लिए जो रिक्वायरमेंट होती है वह काफी कम मात्रा में होती है। हालांकि वैल्यू ज्यादा होती है। वेंडर बेस काफी लिमिटेड हैं और कुछ हद तक हम लोग प्रॉडक्ट सपोर्ट में रशिया पर डिपेंडेंट हैं। वह एक चुनौती है, जिससे हमें ओवरकम करना है।”

2. India Optel Limited (IOL)

“सर, हमारा जो मेन चैलेंज है वह नाइट एनेबलमेंट है और इसके अलावा अभी भी हम डीपीएसयूज पर डिपेंडेंट हैं। उनसे अलग हम अपनी बिजनेस स्ट्रैटजी आर्मी के साथ और एक्सपोर्ट के थ्रू अपनी नई ग्रोथ को चार्ट करना चाह रहे हैं और अपनी ग्रोथ करना चाह रहे हैं।”

3. Advanced Weapons & Equipment India Limited (AWEIL)

“हमारे चैलेंजेज जो हैं, हमारा प्राइमरी चैलेंज यह है कि पूरे संगठन को नए फॉर्मेट के हिसाब से अलाइन्मेंट करना और कर्मचारियों को मोटिवेटिड रखना कि वे ज्यादा से ज्यादा कान्ट्रिब्यूट करें और एफिशिएंसी को बढ़ाएं। इसके अलावा Alignment to the new accounting and costing

mechanisms को भी हम लोग कंसल्टेंट्स के थ्रू एलाइन करने की कोशिश कर रहे हैं। इसके लिए हम ऑलरेडी ऑर्डर्स प्लेस कर चुके हैं। दूसरा, आइडिया यह है कि पर्याप्त वर्क लोड कुछ फैक्ट्रीज में नहीं है, उसके लिए मार्केटिंग और एक्सपोर्ट के ऊपर मेजर फोकस है। जो हमारा ग्रोथ प्लान है, अभी हम लोग करीब 1600 करोड़ पर हैं, हर साल कम से कम 20 परसेंट ग्रोथ हम लोग प्लान कर रहे हैं और अगले 5 वर्ष में पूरे टारगेट को डबल करने की कोशिश कर रहे हैं।“

4. Troop Comforts Limited (TCL)

“हमारे जो चैलेंजेज हैं, इस तरह के जितने भी चैलेंजेज हैं, हमारा कम्पीटिशन स्मॉल सेक्टर के साथ, एमएसएमई के साथ या जितने भी चैलेंजेज हैं, उन्हें हम ओवरकम करेंगे। हम इतने कॉन्फिडेंट हैं, क्योंकि हमारा जो प्रोडक्शन बेस है, वह बहुत स्ट्रॉंग है। हमारे पास हाइली स्किल्ड मैनुपावर है, हमारा प्रोडक्शन बेस बहुत स्ट्रॉंग है।“

5. Yantra India Limited (YIL)

जो रिड्यूस्ड वर्कलोड है, निश्चित रूप से यह एक चैलेंज है।

6. Gliders India Limited (GIL)

“हमारे चैलेंजेज भी उसी तरह से हैं, जैसे दूसरे कॉरपोरेशंस ने बताया। गवर्नमेंट सेटअप से हम कमर्शियल एन्टिटी में बने हैं। हमारे सामने दो तरह की चैलेंजेज थी। एक तो साइकोलॉजिकल लेवल पर, हम लोगों को एम्प्लाइज़ के साथ डील करना पड़ रहा है।“

CHAPTER II

Defence Research and Development Organisation

The Committee understand that Defence Research & Development Organization has come a long way since its modest beginning in 1958. Starting with only 10 laboratories, DRDO has grown multi-dimensionally and has evolved to be a core research organization with a vast network of 52 laboratories and establishments spread across the country. With a vision to empower India with cutting-edge technologies and equip our Services with internationally competitive systems, DRDO has proven its competence to produce state-of-the-art strategic and tactical military hardware and related technologies in diverse disciplines such as Aeronautics, Armaments, Combat Vehicles, Combat Engineering, Electronics, Missiles, Life Sciences, Materials and Naval Systems. At the core of this technological strength of DRDO is its expertise in system design, system integration, testing and evaluation and project management built over the last five decades, which has enabled it in developing indigenous capabilities in weapons and their delivery systems. DRDO also plays significant roles to provide scientific and technological advice on aspects of weapons, platforms surveillance to the Ministry of Defence in support of Defence policy to support National Cyber Security Architecture – testing capabilities, security solutions, testing hardware, indigenous NW systems, Defence tools, support operations. The Organization also advises the Government to make technical assessments of international security threats and the military capabilities of both current and potential adversaries.

Budgetary Provisions

2.2 Detailed data as given to the Committee with regard to Budget Estimates (Projection and allocation) and Revised Estimates (allocation) in respect of Department of Defence Research and Development for the last five years and Budget Estimate for the year 2022-23 are given in the following table:

Proposed vs Allocations vs Expenditure Pattern (DDR&D)

(Rs. in Cr)

YEAR	PROPOSED	BE	FINAL ALLOCATION	ACTUAL EXPENDITURE
2017-18	19935.60	14818.74	15399.25	15203.04
2018-19	22203.74	17861.19	17121.99	17049.01
2019-20	22953.95	19021.02	17730.78	17375.13
2020-21	23457.40	19327.35	16145.74	15706.98
2021-22 (BE)	23460.00	20457.44	18337.44 (adopted)	--
2022-23 (BE)	22990.00	21330.20	--	--

On being asked whether the budget provided is sufficient for the plans as envisaged by DRDO, the Ministry in written reply submitted as under:-

“The budget of DRDO has been around 5-6% of the Defence Budget. A major amount of this goes towards expenses towards Strategic schemes & CCS projects/programmes, pay & allowances and other non-salary revenue expenditure, each of which essentially keeps growing every year. Instructions have been issued to Labs to undertake projects on critical, advanced and futuristic technologies and systems that Indian industries cannot do. DRDO has identified 108 exclusive systems for development by industry which will not be taken up by DRDO. This will substantially cut expenditure on development of certain technologies. However, DRDO has envisaged taking up major projects/ programmes for development of large weapon systems, platforms and sensors. The expense for these new projects/ programmes will be met from regular budget of DRDO and the standard increase in the budget.

Expenditure on Research & Development

2.3 The Ministry was asked to furnish the details regarding percentage of expenditure on Research and Development to the overall Gross Domestic Product (GDP) during each of the last five years and how does this percentage compare with that of the developed countries, the Ministry supplied the following information:

Defence R&D Expenditure as percentage of GDP w.e.f. 2016-17 is as under:

(Rs. in crore)

Total GDP Vs R&D Expenditure			
YEAR	TOTAL GDP	DD R&D EXPENDITURE	DD R&D EXPDR AS % OF TOTAL GDP
2016-17	15391669.00	13501.00	0.088
2017-18 (2 nd RE)	17098304.00	15399.25	0.090
2018-19(1 st RE)	18971237.00	17121.99	0.090
2019-20(PE)	20339849.00	17730.78	0.087
2020-21(AE)	19481975.00	16145.74	0.083

Table 2: TOTAL GDP Vs R & D EXPENDITURE

In comparison to Defence funding in countries such as the US, Russia, and China, our Defence (R&D) spending is very less. As per published data, India is funding 6% on Defence R&D of the Defence Budget whilst, USA and China are spending approximately 12% and 20%, respectively on Defence (R&D) as compared to their Defence Budget. Vibrant economy is possible only when both saving and spending go hand in hand. Spending the tax payers' money wisely is as important as saving if not more for the stimulation of growth in Defence (R&D) capability.

2.4 The Ministry was requested to furnish the details of the projection and allocation for Thirteenth Plan in respect of Research and Development, the Ministry supplied the following information:

The projections for XIII Plan vs. allocation are presented in the Table below:

(Rs. in crore)		
Year	R&D Projections	R&D Allocations
2017-18	19935.60	14818.74
2018-19	22203.74	17861.19
2019-20	22953.95	19021.02
2020-21	23457.40	19327.35
2021-22	23460.00	20457.44
2022-23	22990.00	21330.20 (adopted)

2.5 When asked to furnish the reasons for decline, if any, in the allocation made on Research and Development to the total Defence Budget during the Thirteenth Plan period and projects which have suffered due to reduced allocation, if any, the Ministry supplied the following information:

“Reasons for decline in allocations as compared to projections may be due to constraints in the overall Defence budget. The budget of DRDO has always been around 5-6% of the Defence Budget. The major portion of this goes towards expenses towards Strategic schemes & CCS projects/programmes, pay & allowances and other non-salary revenue expenditure, each of which essentially keeps growing every year. Instructions have been issued to Labs to undertake projects on critical & advanced technologies only, which Indian industries cannot do. DRDO has identified 108 exclusive systems for development by industry which will not be taken up by DRDO. DRDO has envisaged taking up flagship projects/programmes for the design and development of major platforms, weapon systems and sensors. The expense will be met from the available budget in the future as some of the ongoing projects will get successfully completed and assuming standard increase in DRDO’s budget”.

Manpower

2.6 In regard to the authorised and existing strength of Scientists in DRDO, the Ministry through a written note furnished to the Committee:

“The authorized strength of scientists in DRDO is 7773. The existing strength of scientists in DRDO as on 01 Dec 2021 is 6965”.

The Committee also desired to know about the number of scientists who have left DRDO during the last five years with reasons. The Ministry in its written replies stated as under:

“Around 147 scientists have left DRDO during the last five years. The reasons are Resignation/VRS on personal grounds”.

During the oral evidence, on the issue of shortage of manpower in DRDO, Secretary, DDR&D apprised the Committee:

“Yes, Sir. The number is less than the actual sanctioned strength of scientists and we need to go for the recruitment. We are in the process of working out on that.”

Further he elaborated on this subject that on the IITs and industries Research Associates working with DRDO as under:

“In fact, the Centres of Excellence which are there in IITs and other institutes -- who are involved in research and projects -- are actually our extended force. About 1200 Research Associates are working in these Institutes. They have become our extended scientific force”.

2.7 On the steps being taken by DRDO to put a check on brain drain, if any, from DRDO and to make a career for scientists in DRDO an attractive one, the Ministry through a written note submitted as under:

(a) While analyzing the attrition data of DRDS cadre of last 15 years, it is observed that the attrition has reduced considerably over the time and become negligible as on date in DRDO.

(b) In addition to the measures taken by the department to reduce brain drain from the S&T community as mentioned below in the ‘*Measures taken to curtail brain drain from DRDO*’, following also may be added:-

DRDO has created five DRDO Young Scientists Laboratories (DYSLs) to attract young scientists/engineers to join DRDO and provide R&D environment in emerging engineering fields and advanced technologies such as Artificial Intelligence, Quantum Technologies, Cognitive Technologies, Asymmetric Technologies and Smart Materials and provide an adequate autonomy to young scientists to prove their talent.

(c) Performance Related Incentive Scheme (PRIS) :
Since DRDO has not been granted PRIS, it has taken up a case with Ministry of Finance for continuation of earlier incentives of ‘Two Additional Increments’ to Scientist ‘C’ to Scientist ‘F’, till such time the PRIS is introduced in DRDO also.

DRDO has been requesting incentives in line with the two organizations ISRO (Deptt of Space) and BARC (Deptt of Atomic Energy), who have a Performance Related Incentive Scheme (PRIS), which has three components namely:-

PRIS (O) – ORGANISATIONAL
PRIS (G) – GROUP
PRIS (I) - INDIVIDUAL

Private Industry Participation

2.8 On being asked to furnish a list of the laboratories and projects in which private sectors are involved and technologies developed by DRDO have been transferred, if any, to Private Sector, the Ministry in its written reply stated:

“Private industries participate in development activities of all DRDO labs engaged in design and development of defence products. The technologies developed by DRDO are transferred to industries (DPSUs, Large private industries, MSMEs, and Startups) on a level playing field by entering into “Licensing Agreement for Transfer of Technology (LATOT)” with industries. In last three calendar years (2019-21) 556 Nos of ToTs have been signed with Private Industries.

On the issue of any royalty/money/development cost for Transfer of Technology (ToT) from the private sectors charged by DRDO, the Ministry submitted in its written reply..

“The benefits of DRDO’s technological progress are passed on to Industries through Transfer of Technology (ToT) agreements for both military products and civilian spin offs products. The Category ‘A’ technologies pertain to the technologies for Military application, MHA and Government Departments. While the Category ‘B’ technologies pertain to the technologies for commercial application.

‘Nil’ ToT fee is charged from the industry partners (Development cum Production Partners (DcPP)/ Development Partner (DP)/ Production Agency (PA)) and zero royalty for supply to Indian Armed Forces and GovtDeptt. However, if the industry partner is not the DcPP/ DP/ PA, 5 % of Project cost/ Development cost is charged as ToT fee from industries for ToT of Category ‘A’ technologies.

Further, to execute ToT of Category B technologies i.e. dual use spin off technologies, DRDO has entered into MOUs with four leading industry chambers namely Associated Chamber of Commerce and Industry of India (ASSOCHAM), Confederation of Indian Industry (CII), PHD Chamber of Commerce and Industry (PHDCCI) and National Research Development Corporation (NRDC) for technology assessment and commercialization of dual use, non-security sensitive technologies so that fruits of our technological progress reach the common man. These ToTs are also executed to Industries by charging a nominal ToT fee based on what market can bear concept”.

2.9 In regard to participation of private Sector in R&D and private industries collaboration with DRDO, during examination of Demand for Grants 2022-23, the Ministry, through a Power Point presentation before the Committee submitted:

“इसके बाद हम आपको बताना चाहेंगे कि इंडस्ट्री के साथ मिलकर हम क्या काम कर रहे हैं और उनके साथ काम करने के लिए हमारी अलग-अलग कौन सी स्कीम्स हैं। हम इंडस्ट्रीज़ को हमारी मौजूदा नीति के अंतर्गत उन सिस्टम्स के लिए टेक्नोलॉजीस फ्री ऑफ कास्ट प्रदान करते हैं, जिन्हें

वे हमारे आर्म्ड फोर्स के लिए बना रहे हैं। इसके लिए हम उनसे रॉयल्टी भी नहीं लेते हैं। आज तक डीआरडीओ ने इंडस्ट्रीज को 1400 टेक्नोलॉजीज़ ट्रांसफर की हैं। उसी प्रकार हम 1700 पेटेंट होल्ड करते हैं और इन पेटेंट्स पर काम कर रहे हैं और अगर उनको इस पर काम करने की आवश्यकता है तो हमारी नई नीति के अंतर्गत ये सारे पेटेंट्स इंडियन इंडस्ट्रीज़ को बिना किसी कीमत के मुहैया कराए जाते हैं। इसके अंतर्गत हम उनको कई पेटेंट्स फ्री ऑफ कास्ट भी दे चुके हैं। डीआरडीओ की जितनी टेस्ट फैसिलिटीज़ हैं, उनका प्रयोग कोई भी इंडस्ट्री आकर कर सकती है। इसके बारे में जानकारी हम अपनी वेबसाइट पर दे चुके हैं। हम सभी इंडस्ट्री एसोसिएशन्स को बता चुके हैं। डीआरडीओ हेडक्वार्टर्स की तरफ से सारी लैब्स को भी यह हिदायत दी जा चुकी है कि वे अपनी इंडस्ट्रीज के साथियों के लिए इन फैसिलिटीज़ को खोलें।

पिछले वर्ष 2021 में 300 से अधिक इंडस्ट्रीज ने अपने अलग-अलग प्रोडक्ट्स के टेस्टिंग एंड ट्रायल्स के लिए हमारी इस टेस्ट फैसिलिटी का इस्तेमाल किया। हम एक नए कंसेप्ट डेवलपमेंट कम प्रोडक्शन पार्टनर को लेकर आए हैं। पहले हम टीओटी किया करते थे। हम किसी चीज को बनाने के बाद उनको उस चीज को बनाना सिखाया करते थे। उनको अपनी टेक्नोलॉजी ट्रांसफर करते थे। वर्तमान काल में अब हम इंडस्ट्री को अपने साथ ही डेवलपमेंट कम प्रोडक्शन पार्टनर के रूप में ले रहे हैं। जैसे ही हम किसी नए हथियार या नए सिस्टम को बनाना शुरू करते हैं तो हम एक या दो इंडस्ट्री को उसमें डेवलपमेंट पार्टनर के रूप में ले लेते हैं और वह हमारे साथ ही उस चीज को बनाना सीखते हैं ताकि टेक्नोलॉजी ट्रांसफर का समय बचे।

इस तरह से आज की तारीख में प्राइवेट इंडस्ट्रीज़ और डीपीएसयूज को मिलाकर हमारे लगभग 74 ऐसे सिस्टम्स हैं, जो हमारे डेवलपमेंट कम प्रोडक्शन पार्टनर्स या प्रोडक्शन एजेंसीज़ हैं और यह काम बहुत तीव्र गति से आगे बढ़ रहा है। डीआरडीओ के साथ एक टेक्नोलॉजी डेवलपमेंट फंड नाम से स्कीम भी है, जिसमें हम इंडस्ट्री में डिजाइन एंड डेवलपमेंट कैपेबिलिटी को प्रमोट करते हैं। इसमें ऑलरेडी इंडस्ट्रीज़ को 42 प्रोजेक्ट्स दिए जा चुके हैं। मुख्यतः हम इसमें एमएसएमईज और स्टार्टअप्स को अधिक मोटिवेट करने की कोशिश करते हैं। इस स्कीम के तहत हम डिजाइन एंड डेवलपमेंट तो करते ही हैं साथ ही इस चीज पर भी अधिक जोर दिया जाता है कि हम विदेशों से जो चीज इम्पोर्ट कर रहे हैं, उसको इंडिजिनाइस किया जा सके।”

Centre for Excellence and Collaboration with Universities/Academic Institutions

2.10 On the issue of research programmes being sponsored through universities by the DRDO during 12th Plan and the benefit accrued to DRDO and defence services, Ministry submitted that DRDO has established ten centres of excellence at various institutions/Universities for creating strong academic links:

“769 research projects costing (approx.) Rs.400 Cr were sponsored to various universities and academic institutions (100 nos. approx.) during 12th Plan. 633 research projects costing (approx.) Rs.1048 Cr were sponsored in the 13th plan (2018 – till date).

DRDO has established following ten Advanced Technology Centres/Centres of Excellences (ATCs/CoEs):

Name of the ATCs/CoEs	Month & Year of Estt.	Location	Achievements
Advance Centre for Research in High Energy Materials (ACRHEM)	2005	University of Hyderabad, Hyderabad	Technologies under development at various Centres of Excellence are as follows:
DRDO-BU Centre for Life Sciences*	2005	Bharathiar University, Coimbatore	i. Modelling, Simulation, material Characterization and Processing for Ballistic and Blast Protection Materials System.
Research and Innovation Centre (RIC)*	2012	IITM, Chennai	ii. Light weight Bullet proof material system for protection against NIJ 3+ threat.
JC Bose Centre for Advance Technology (JCBCAT)	Jun 2016	Jadavpur University, Kolkata	iii. Indigenous Human Body Numerical Model and Critical Organs Modelling for 50 th percentile Indian Male Jawans for performance prediction of Personal Protection Gears.
Bi-nodal Centre of Propulsion Technology (CoPT)	Jul 2016	IITB, Mumbai & IITM, Chennai	iv. Modelling & Simulaiton, Design & Development of Pulse Switch and Compulsator (10MJ) for Electromagnetic Rail Gun (EMRG).
DRDO-IIT Delhi, Joint Advanced Technology Centre (JATC)	Nov 2016	IITD, Delhi	v. Terahertz (THz) Imaging and Spectroscopy for portable explosive detection systems.
North East Science & Technology Centre (NESTC)	Feb 2019	Mizoram University, Aizwal	vi. Photonics based sensors for smart soldier jacket.
Kalam Centre for Science & Technology (KCST)	Sep 2019	Central University of Jammu, Kathua (UT of J&K)	vii. New laminated fabrics for Aeristat/Airship hull applications.
Joint Advanced Technology Program (JATP)	2021	IIScBengalore	viii. High Energetic Slurry fuels.
Sardar Vallabh Bhai Patel Centre for Cyber Security	2021	Gujrat University	

Research (SVPCCR)			<p>ix. Enabling technologies of long range hypersonic vehicles.</p> <p>x. Development of grapheme based ultra-capacitor module for hybrid power supply unit for UGVs.</p> <p>xi. Gold Nano particles for laser initiation of explosive.</p>
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2.11 Further on this subject, the representative of DRDO during the oral evidence of the Ministry through power point presentation submitted as under:

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“हमारे 10 सेन्टर्स ऑफ एक्सीलेंस अलग-अलग एकेडमिक इंस्टीट्यूट्स में हैं। जो लिस्ट आप सामने देख रहे हैं, इसमें जो आखिरी के दो हैं, वे इसी साल खोले गए हैं, एक आईआईएससी बेंगलोर में और एक गुजरात यूनिवर्सिटी में दो नए सेन्टर ऑफ एक्सीलेंस खुले हैं। इंडिया का जो यूथ है, उसको भी हम डिफेंस में काम करने के लिए डिफेंस रिसर्च एज वेल एज डिफेंस इंडस्ट्री में काम करने के लिए मोटिवेट करना चाहते हैं और उनको ट्रेड करना चाहते हैं। उनको स्किल देना चाहते हैं। इसी मोटिवेशन के साथ-साथ हमने कई स्कीम्स डीआरडीओ की तरफ से प्रस्तुत की हैं। अलग-अलग यूनिवर्सिटीज में जो पीएचडी की जाती है तो डीआरडीओ एंड मिनिस्ट्री ऑफ एजुकेशन ने मिलकर ऐसे 500 पीएचडी रिसर्च स्कॉलर्स को लेने की तैयारी की है, जो डिफेंस रिलेटेड एरियाज में रिसर्च कर पाए और इस स्कीम के अंतर्गत लगभग 40 स्टूडेंट्स ऑलरेडी डीआरडीओ के अलग-अलग लैब्स में काम कर रहे हैं और किसी एकेडमिक इंस्टीट्यूट के साथ वे पीएचडी करेंगे। हमने एमटेक इन डिफेंस टेक्नोलॉजी का नया कोर्स वर्ष 2021 में शुरू किया है और ये 42 कॉलेजेस में शुरू हो चुका है। बीटेक में जो जनरल सब्जेक्ट्स पढ़ाए जाते थे, उसके साथ-साथ इलेक्ट्रिक कोर्सेस इन बीटेक फॉर डिफेंस टेक्नोलॉजीस भी इंटीग्रेट किए गए हैं। इन सबको पढ़ाने के लिए प्रोफेसर्स कहां से मिलेंगे तो उसके लिए डीआरडीओ के रिटायर्ड साइंटिस्ट्स हैं, उनकी लिस्ट भी इन कॉलेजेस को दी गई है। अगर वे उनका प्रयोग करना चाहे तो रिटायर्ड साइंटिस्ट भी पढ़ा सकते हैं। इनका पूरा सिलेबस भी डीआरडीओ की तरफ से बनाकर एआईसीटीई को प्रदान किया गया है। डीआरडीओ की जो लैब्स हैं, उनमें लगभग हर साल कुल मिलाकर 8000 स्टूडेंट्स इंटरनशिप लेते हैं। भारत सरकार की जो अप्रेंटिसशिप स्कीम है, उसके अंतर्गत हमारे लैब्स हर साल लगभग 3500 लोगों को अप्रेंटिसशिप प्रदान करती है। हमारे डीडी आरएंडडी के अंतर्गत एक डीमंड यूनिवर्सिटी डिफेंस इंस्टीट्यूट ऑफ आर्ममेंट टेक्नोलॉजी, पूणे है, जिसमें दो कोर्सेज शुरू किए गए हैं जो मॉडर्न जमाने की जरूरत के हिसाब से है। आर्टिफिशियल इंटेलीजेंस और साइबर टेक्नोलॉजीस में हर कोर्स में 500 ग्रेजुएट स्टूडेंट्स को लिया जाता है। इसके दो बैचस पूरे हो चुके हैं। थर्ड बैच मार्च 2022 में शुरू हो रहा है। सर, अब आप हमारा बजट देखेंगे तो कैपिटल 56 परसेंट है और रेवेन्यू 44 परसेंट है, जो लगभग 12

हजार करोड़ रुपये और 9300 करोड़ रुपये के आसपास है। ये फिगर्स जो स्क्रीन पर हैं, ये पिछले साल के बजट के हैं।“

2.12 During oral evidence, the Committee further desired to know about the response from the Ten Centres for Excellence. The Secretary, DRDO in this regard, submitted as under:

“There are ten Centres of Excellence which have been established in various academic institutes, like IIT-Delhi, IIT-Mumbai, IIT-Chennai, Central University (Hyderabad), IISc. Basically, the work involves basic research and applied research which are happening there. A lot of important work is going on. For example, IIT-Mumbai and IIT-Chennai together are working on the materials which are required for the propulsion system. That is one activity.

If you look at the IIT-Delhi, a lot of things have come up. People have been working on core technologies to have a very light Bullet-Proof Jackets and also to have Anti-Mine Boots. This is the work which has been going on over and above the terahertz technologies and all that. IIT-Delhi soon will be coming out with one of the very light Bullet-Proof Jackets in few months from now. A lot of work is going on. A lot of output is coming from these centres.”

2.13 On the budgetary provision given to the Universities, their actual allocation and system of monitoring thereon, the Ministry through written replies informed as under:

“Budgetary allocation of Rs 312.50 crore have been made during current financial year 2021-22 under the grant-in-aid schemes of DFTM, TDF, ER&IPR, and four Research Boards. Sanctioned projects are being monitored by the experts/research panel under the ER&IPR/Research Boards, Technical Evaluation Committee for the projects awarded under TDF and projects sanctioned through Centres of Excellence are monitored by research advisory Board/governing council. Based on satisfactory progress made under the projects as well as milestones are achieved grant/funds released.

Budgetary provisions and funds utilized by Universities/ Institutes/ Industries:

(Rs in lakhs)

Scheme	Financial Year 2021-22 (as on 31 Dec 2021)			
	No of Project Sanctioned	Total Cost	Fund Allocated	Fund Utilized
DFTM	09	2864	15600	4081
DTDF	13	5106	5000	1133
ER&IPR	8	1046	5500	3253
NRB	16	624	1000	551
ARDB	48	2473	2500	1594
LSRB	10	305	850	420
ARMEB	23	1352	800	789
Total	127	13770	31250	11821

During oral evidence, the Committee further desired to know about funds provided to Centre of Excellence by DRDO. The Secretary, DRDO in this regard, submitted as under:—

“हर एक सेंटर में कितने प्रोजेक्ट्स हैं, कितने प्रोजेक्ट्स सैंक्शन हुए हैं, एक-एक प्रोजेक्ट की कितनी फण्डिंग है और उसमें एक साल में कितना फण्ड चाहिए, उतना फण्ड हम देते हैं। इन सेंटर्स ऑफ एक्सिलेंस में एक साल में यह फण्डिंग करीब **200** करोड़ रुपये होती है।”

Export of Brahmos Missile

2.14 During the oral evidence of the representatives of the DRDO, the Committee desired to know whether we can produce or develop a missile to carrying conventional or nuclear warhead to neighboring countries. In response, the Secretary, DRDO submitted as under:

“Basically, to counter a missile which is taking off from a foreign country’s land, which is called a surface-to-surface missile, a programme called Ballistic Missile Defence (BMD) is taken up by DRDO. It is a successful programme. The phase-I of the programme has been demonstrated, and multiple times the tests also have been done. So, the complete radar systems, the missiles which are required to counter the incoming ballistic missiles have undergone development and developmental trials”.

The Committee desired to know about the agreement between India and Philippines for export of Brahmos missile. During oral evidence, the Secretary, DRDO, in this regard, submitted as under:—

“It is a contract that has been signed with the Philippines for the supply of coastal-launched BrahMos Missiles. That contract has already been signed”.

Indigenisation of Tejas LCA and Arjun Main Battle Tank(MBT)

2.15 The Ministry was asked to state whether indigenous Tejas LCA and Arjun Main Battle Tank (MBT) produced by the DRDO compatible with the present and future requirement of Armed Forces and what are the improvements suggested by the Army in case of MBT Arjun and by IAF in case of LCA Tejas and is DRDO is confident of overcoming these. In a written note, the Ministry apprised the Committee as under:

“Yes, Tejas LCA & Arjun MBT, which have been designed and developed by DRDO are as per the Services Qualitative Requirements (SQRs) of the Armed Forces. Improvements suggested for Arjun MBT and LCA Tejas by the Indian Army and Indian Air Force respectively have been successfully incorporated and evaluated by the Users.

Tejas would form an important component of a viable Air-Defence system efficiently and cost-effectively. With features of Air to Air refuelling, Derby and Python missile integrated, the LCA is expected to be a true Air superiority Air defence weapon of

war, light, agile and maneuverable. IAF has proposed a few improvements like Digital RWR and External SPJ Pod, Active Electronically Scanned Array (AESA) Radar, Combined Interrogator and Transponder (CIT), ASRAM – Close Combat Missile, Astra Beyond Visual Range (BVR) Missile and Software Defined Radio and a few Maintainability Improvements. MoD has approved the procurement of 83 LCA Mk-1A.

Based on User requirements, Arjun MBT Mk-IA has been designed and developed by DRDO with 73 tank fitable improvements, which includes 15 major improvements as listed below:

1. Missile firing through main gun
2. Commander Panoramic Sight (CPS) with Thermal Imager
3. Containerisation of Ammunition Bin with Individual Shutter (CABIS)
4. Roof Mounted Driver's Seat (RMDS)
5. New final drive with increased reduction ratio
6. Un-cooled Thermal Imager (Driver's Night Sight)
7. Track Width Mine Plough (TWMP)
8. Incorporation of ERA panels
9. AD weapon remote firing (360 degrees)
10. Effective Alternate to MRS
11. Laser Warning Countermeasure System (LWCS)
12. Advanced Land Navigation System (ALNS)
13. Automatic Target Tracking (ATT) Gunner's Main Sight
14. Advanced Running Gear System (ARGS)
15. New Track with increased horn height

Based on User field intensive trials, the User has approved all improvements except Missile. The Missile firing capability from Arjun MBT Mk II was proven and is further being improvised through development of indigenous Anti-Tank Guided Missile (ATGM) & as well as improvised LAHAT Missile of M/s IAI, Israel. As the Missile can be retrofitted like any other ammunition on production vehicle, the User is being requested to release the production indent for the DAC approved quantity of 118 Nos., as the productionisation will take minimum of 3 – 4 years time to roll out the first Arjun MBT Mk-II production vehicle. During the intervening time period, all the issues related will be resolved either through indigenous Missile from ARDE/DRDO Lab or by improvised LAHAT Missile.

As such, DRDO has successfully developed & incorporated all the improvements on Arjun MBT Mk-II as suggested by Army and confident of overcoming performance issues observed in the Missile ammunition”.

2.16 During examination of Demand for Grants 2022-23, a representative of DRDO, through a Power Point presentation before the Committee submitted the following information:

“एमबीटी अर्जुन एमके-1ए को इंडियन आर्मी को सौंपा गया था। इसके बाद हमें 118 एमबीटी के ऑर्डर्स भी मिले हैं, जो हैवी व्हीकल्स फैक्ट्री के द्वारा निर्मित किए जाएंगे। इसमें 2000 इंडस्ट्रीज भी सम्मिलित रहेंगे। आपकी जानकारी के लिए मैं बताना चाहूंगा कि पिछले एमबीटी अर्जुन की तुलना में इस एमबीटी अर्जुन एमके-1ए में 72 इम्प्रूवमेंट्स हुए हैं। यह भविष्य में हमारे इंडियन आर्म्ड फोर्स के लिए बहुत ही कामयाब टैंक रहेगा। जहां साल की शुरुआत एमबीटी अर्जुन से हुई थी, वहीं इसके बाद, इसी साल 83 एलसीए एमके-1ए ऑर्डर्स आए हैं, जिसकी कीमत लगभग 45 हजार करोड़ थी। इसमें भी एचएएल के साथ-साथ लगभग 250 इंडस्ट्रीज काम करने के लिए सम्मिलित रहेंगी।”

CHAPTER III

Directorate General Quality Assurance

Role of DGQA

The Committee are not oblivious of the fact that the Role of DGQA Organisation is to ensure that the entire range of 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.

Function of the Organisation

3.2 The Committee understand that the major functions of DGQA are enumerated below:-

- i) Quality Assurance of Defence Stores & Equipment encompassing Quality Audit & Surveillance during various stages of manufacture and Final Acceptance Inspection (FAI) of finished stores.
- ii) Act as a second party Quality Assurance (QA) Agency on behalf of Users.
- iii) Participation in formulation and finalisation of GSQR / JSQR.
- iv) Participation at all stages of capital acquisition process.
- v) Responsible for DGQA Technical Evaluation.
- vi) Responsible for Pre Despatch Inspection of Equipment / Store.
- vii) Issue DGQA Approvals / Assignment Lists and assists in cataloguing of defence stores.
- viii) Repository of OEM documents and preparation, updation and issue of drawings, specifications, technical publications and Quality related instructions etc.
- ix) Associating and rendering assistance in the design and development process by DRDO and OFB.
- x) Render advice and technical support services to the stakeholders including MoD, Users, Procurement Agencies, Designers, Manufacturers and Private Industry.
- xi) Investigation of defects, complaints and advice remedial measures.
- xii) Provide support in the process of Standardisation & Codification.
- xiii) Render Quality Assurance and testing assistance to Ministry of Home Affairs (MHA) and private agencies.

Role of DGQA in induction of New System

3.3 The Ministry has informed that before induction of a new system, it checks the following:

- i) Technical inputs for General Staff Qualitative Requirement (GSQR) & Request for Proposal (RFP)
- ii) Checking compliance of Technical Bids in accordance with GSQR & RFP during Technical Evaluation Committee (TEC) meetings
- iii) Association during User Trials
- iv) Technical & Environmental Trials by DGQA
- v) Formulation of Acceptance Test Procedures (ATP)
- vi) Pre Despatch Inspection (PDI) at Vendor Premises
- vii) Joint Receipt Inspection (JRI) on receipt in India

Budget

3.4 The Ministry was asked to supply information regarding Projected Amount, Budget Estimates (BE), Revised Estimates (RE) and actual allocations for the year 2022-2023 in respect of DGQA, DGAQA and DGAQA (Navy), however the Committee found that information only in respect of DGQA has been provided which is as follows:

(Value in crores)

YEAR	HEAD	PROJECTED	BE	MA	EXPENDED
2018-19	Revenue	1310.81	1137.02	1179.45	1104.43
	Capital	12.00	9.96	19.96	12.24
	Total	1322.81	1146.98	1199.41	1116.67
2019-20	Revenue	1211.18	1202.70	1187.92	1087.02
	Capital	30.00	10.96	15.96	13.31
	Total	1241.18	1213.66	1203.88	1100.33
2020-21	Revenue	1297.70	1254.63	1005.84	1018.01
	Capital	20.00	12.06	8.16	7.79
	Total	1317.70	1266.69	1014.00	1025.80
2021-22	Revenue	1274.40	1122.49	1051.17	823.51
	Capital	20.00	15.00	10.67	4.02
	Total	1294.40	1137.49	1061.84	827.53
2022-23	Revenue	1323.10	1284.08	-	-
	Capital	20.00	20.00	-	-
	Total	1343.10	1304.08	-	-

Expenditure till January 2022

In the Power Point Presentation before the Committee on the Budget of DGQA, the DG, QA stated as under:

“Broadly our main expenditure is revolving around Revenue Expenditure, which in percentage terms is 98 per cent and 2 per cent is on Capital side. Majority of the expansion we are incurring is out of Revenue itself and Capital Expenditure is as and when our new infrastructure is coming up. As of now there is no requirement, and as a result, the figures have been shown like this.

The expenditure till the current year, we can see that the Revenue is on the similar lines what has been incurring for last couple of years. But definitely there is a slight dip in the Capital Expenditure which is also likely to be increased by 31st March due to the budgetary bookings which are already in the process.

Next is the projections for the year 2022-23. The majority of the expenditure is on the Revenue side, which is Rs.1323 crore as the Capital Expenditure is restricted to 20 crore”.

3.5 During the oral evidence of the representatives of the Ministry of Defence, the Committee desired to know about salary component in revenue budget. The DG, QA responded as under:

“Sir, the salary component is approximately 70 per cent and rest of our expenditure falls in the range of 10-15 per cent.

We are bidding for ammunition and proof-stock components, which constitute an important expenditure which we are incurring for conduct of proof activities. So, they also form part of revenue expenditure which comes in the range of Rs. 60-70 crore every year”.

Inspections and Quality Assurance

3.6 The Ministry of Defence submitted the Quality Value of Stores inspected in a written reply, which is as under:-

YEAR	Value of stores inspected
2018-19	34407.5
2019-20	28049.3
2020-21	28009.1
2022-22	26314.7
2022-22	16287.6

3.7 The Ministry apprised the Committee about the procedure followed of inspection of a product:

“Before any product goes to the User, DGQA carry out various test as per Quality Assurance Plan at different stages of manufacturing. Non conformance / defects are observed by DGQA during the testing. In such cases DGQA either issues rejection Inspection Note or return the stores for rectification (RFR) depending upon the nature of eqpt and defect. Advisory Note is also issued to the manufacturer to take corrective action. In case of Ordnance Factories and Defence PSUs the issue is raised during Quality Liaison Meet (QLM). No vendor has been black listed for this reason. Rendering advise to Ordnance Factories (now new DPSUs) on corrective action is an ongoing process”.

In this context during the oral evidence, DG, QA further submitted as under:

“There is another important activity which is the investigation of defects and advise on remedial measures. This is based on the feedback received from the field Army and the Forces. A detailed investigation process is undertaken to identify the defects, complaints and difficulties faced by the Armed Forces”.

He further added:

“In the process of QA, we have different stages. A quality assurance plan is formulated along with the manufacturer and it could encompass any of these points. But now with the change of roles with regard to final acceptance and inspections, DGQA acceptance has now been restricted to the final acceptance level itself. Of course, the products which are underdevelopment, these have to go under various checks as per the formulation of QA plans, which we formulate in consultation with the manufactures. It also includes bit of a process audits and control point QAs, followed by dynamic firing before giving final acceptance of the product.

This is a very important activity related to capital acquisition because it has got a long run process and where we come into play is the technical and environmental trials. There are a series of checks and trials which are undertaken before the equipment is inducted into the Armed Forces. So, DGQA has a very important role to play as far as technical and environmental trials are concerned.

Next one is related to QA Workload and Value of Stores Inspected. One can see that on an average we have been assuring stores worth Rs.26,000 crores across the year. There has been a slight dip during the current year because of the prevailing pandemic and slow production in factories. But this is likely to go up by 31st March. It will catch up on the similar lines which we have seen in the earlier figures”.

He also stated:

“Earlier, we were not going to get engaged with different manufacturing stages. In order to keep our QA practices in conformity with international standards, we are shifting to risk analysis and management, prevention-based quality management system where the focus is going to be on the manufacturing processes which are critical to quality parameters so that defects are prevented rather than digging it out at a later stage when the product has been assembled. So, these are few initiatives which have been taken to realign our QA practices and in consultation with the private industries. We are in regular touch with them. Now, we aim to bring uniformity across all stakeholders”.

CHAPTER IV

National Cadet Corps

The Committee are aware that National Cadet Corps (NCC) was established under the NCC Act, 1948. 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, so that they become useful citizens and serve the Nation with all their might regardless of the career they choose. Needless to say, the NCC also provides an environment conducive to motivating young Indians to join the armed forces. The motto of NCC is 'Unity and Discipline'.

4.1 NCC has a dual funding pattern where both the Central and State Governments meet the expenditure on NCC activities in a properly specified manner. The idea behind sharing of expenditure by the State Governments is to ensure that they too have a sense of participation and belonging in the various activities undertaken by the NCC cadets towards nation building. The Central Government bears expenditure on the following items:-

- (a) Pay & Allowances of Services and Civilian personnel
- (b) Transport expenses
- (c) Expenditure on office accommodation and contingencies in Directorate General, NCC, State NCC Directorates and Training Academies
- (d) Expenditure on equipment, vehicles and clothing
- (e) 75% expenditure on Camp training in all States (except J&K and North Eastern Region – Sikkim, where it is 100%).

The State Government bears expenditure on:

- (a) Pay & Allowances of State Government Civilian employees posted to NCC
- (b) Office accommodation and Contingencies in NCC group Headquarters and Units
- (c) Allowance for NCC cadets and Associated NCC Officers(ANOs)
- (f) Institutional training in all states (except J&K and North Eastern Region - Sikkim)
- (g) 25% of camp expenditure in all States (except J&K, North Eastern Region and Sikkim).

4.2 Today, NCC is largest uniformed youth organisation in the world. Under the Headquarters, DG, NCC, there are 17 State Directorates covering 28 States and 9 Union territories. It has 98 Group Headquarters under that there are 825 Units(Army – 692(84%), Navy – 71(8.5%) and Air Force – 62 Units(7.5%) in the country with total sanctioned strength of 17 lakh cadets. As on date, 19837 educational institutions have been covered under NCC. Girl Cadets consist of 35% of the total strength of NCC.

BUDGET

4.3 Details regarding the allocations made to the NCC in Revenue and Capital head by the Ministry and expenditure incurred during the last five years including 2022-23 is as under:

Year	Allocations			Actual Expenditure		
	Revenue	Capital	Total	Revenue	Capital	Total
2017-18	1436.23	13.40	1449.63	1362.82	24.39	1377.21
2018-19	1529.18	22.40	1551.58	1414.53	20.39	1434.92
2019-20	1618.28	49.64	1667.92	1551.61	39.59	1591.20
2020-21	1630.00	18.50	1648.50	1503.86	8.19	1512.05
2021-22	1849.43	12.00	1861.43	1487.52	4.90	1492.42
2022-23(BE)	1956.43	13.00	1969.43	-	-	

Expenditure till January 2022

4.4 Details regarding the allocations and expenditure under Revenue Non-Salary (Store, Camp, Training Activities, Revenue works IT, transport during the last five years including 2022-23 is as under:

Year	Allocation	Expenditure
2017-18	213.20	182.05
2018-19	245.00	210.14
2019-20	293.89	265.46
2020-21	300.00	211.29
2021-22	350.43	184.20
2022-23(BE)	308.00	0

Expenditure till January 2022

Training and Employment in Armed forces, DPSUs and private Sectors

4.5 The Committee would like to be apprised of the reasons of the less expenditure on training during the year 2021-22. In this regard, during oral evidence, the Committee were briefed by the DG, NCC as under:

“When we do hybrid training, some of the camps are in online mode. That is the reason why on training we do not spend much. That is why we think that this year there will be a saving of Rs. 50 crore. That is partly because of training expenditure being less”.

4.6 On being asked, during oral evidence, about employment in various DPSUs and private Sectors, the DG, NCC apprised the Committee as under:

“When there were employment opportunities in Reliance Industries, ‘C’ certificate holders were given priority. They had about 300 vacancies and one of the QR was this.

Further, Defence Secretary, added in this regard:

“Sir, NCC Directorate is continuously working with the State Governments and trying to encourage them to give some preference to NCC cadets in various places. Some States have responded also. For example, in Delhi Police recruitment, the State gives some percentage preference to the NCC cadets. Similarly, some other States also does that. We can furnish the details separately.

Similarly, we are also continuously trying in medical colleges. In Telangana, it has been reduced. But we are continuously working on it, and many States are giving preference for colleges. For example, recently, NCC cadets are getting some preference in the admission to Merchant Navy. So, this is a continuous effort. This is the first time that we have been able to get some people from the private sector to accept to give preference. I think a lot of people see value. This year also, one more thing which NCC has done is to approach all the universities. Firstly, they contacted UGC and UGC has said that NCC is treated as an eligible credit for the colleges. Based on that UGC direction now, about 1800 colleges and universities have agreed to introduce NCC as a credit course in their programme. So, this is there”.

Expansion of NCC and SFS

4.7 On the issue of total number of educational institutions where students can opt for NCC, the Ministry of Defence informed through written reply as under:

“Total No. of institution where students can opt for NCC is 18864. Out of these, 13883 are Government institutions and 4981 are Private institutions. 1283 institutes have been added under the Border & Coastal in last two years”.

In regard to steps being taken by the Ministry to provide NCC in the waitlisted institutions in the country, the Ministry of Defence in its written replies stated as under:

“Total No. of waitlisted institutions in the country are 8,472 which includes 4,707 Government Institutions. The 3,765 private institutions and the following Steps are taken to provide NCC in these colleges:-

- (a) One lakh SD/SW vacancies have been released under FSFS scheme in December, 2019. Till now, 82,699 SD/SW vacancies have been utilised under this scheme.
- (b) One Lakh JD/JW vacancies have been released under FSFS scheme in May 2021. Till now, 69,000 JD/JW vacancies have been utilised under this scheme.

One lakh additional cadet strength has been released under the scheme of expansion of NCC in Border / Coastal talukas, by upgrading 21 NCC minor units and optimizing 32 NCC major units. Till now, 77287 cadets have been enrolled in NCC under this scheme”.

During oral evidence, the DG, NCC has also stated:

“महोदय, हमारी टोटल स्ट्रेंथ 17 लाख है और आज करीब 15 लाख कैडेट्स हैं क्योंकि कुछ टेक्नीकल डेफिशिएंसीज हैं। जैसे वॉटर कास्ट एरिया में दो लाख कैडेट्स मिले हैं। दो लाख कैडेट्स हम एक साल में नहीं ले सकते हैं, उन्हें तीन साल में करना है। इस साल एनरोलमेंट लेट हुई है, क्योंकि स्कूल लेट खुले हैं।“

On the subject, the Defence Secretary also supplemented as under:—

“The other point which was raised was regarding expansion. We are trying to expand as much as possible. In the last two and a half years, we have sanctioned one lakh cadets for the border coastal and two lakh cadets for the SFS. We are finding that in some areas there is good response for SFS and in some areas there is not very good response. But we are committed to expanding. Wherever there is demand for SFS, we will try to fulfill that demand as far as possible”.

He further added:

“Sir, filling up the vacancies which have been sanctioned, they have not been fully exhausted because these have been sanctioned recently. As DG (NCC) was saying, the process is like this suppose we sanction one lakh vacancies, these have to be consumed in three years. So, first year we will take about 35,000 or 30,000. But in principle, we are moving in the direction that there is a big backlog and a waiting list. We are slowly trying to eliminate it to whatever extent possible.”

Trainers in NCC

4.8 During oral evidence of the representatives of the MoD, the Committee enquired about the need of trainers in NCC . In this regard, the Defence Secretary intimated:—

“There are number of issues. To scale it up, let us say, for covering 50 per cent of the student population, the scale is totally different. There are many issues. A high-level Committee, chaired by Hon. Baijayant Panda Ji, hon. Member of Parliament and with stakeholders from all fields of the society are there. The Committee is looking into various aspects including this aspect which you mentioned. Once recommendations of that Committee come, then Government will look into those recommendations”.

Further on the issue of permanent trainer and to create some post in a voluntary manner in the colleges, the Defence Secretary during evidence submitted as under:

“सर, कॉलेज लेवल पर तो एसएफएस कर दिया है। उसका जो एडमिनिस्ट्रेटिव स्ट्रक्चर है, उसको भी एक्सपेंड करने की आवश्यकता है। जब पॉलिसी डिज़ीजन होगा, तो उसे एक्सपेंड किया जा सकता है। उसी चीज के बारे में चर्चा चल रही है।“

Low Selection rate of NCC Cadets in Armed Forces

4.9 On the of the direct entry of NCC ‘C’ certificate holders through SSB, during the last five years, the Ministry in its written replies submitted the following information:

“Army

NCC Cadets (both men and women) are already exempted from the UPSC written exam and are directly called for SSB for Short Service Commission. They should have obtained ‘A’ & ‘B’ grading in NCC ‘C’ Certificate examination. The details of induction from 2017 to 2021 for NCC Men & Women Entry is as follows :-

<u>Ser. No</u>	<u>Entry</u>	<u>Year</u>	<u>Vac</u>	<u>Joined PCTA</u>	<u>% Utilisation of Vac</u>
<u>MEN</u>					
1	SSC Spl (NCC)	2017	100	75	75.00%
2	SSC Spl (NCC)	2018	100	63	63.00%
3	SSC Spl (NCC)	2019	100	68	68.00%
4	SSC Spl (NCC)	2020	100	52	52.00%
5	SSC Spl (NCC)	2021	100	56	56.00%
TOTAL			500	314	63.00%
<u>WOMEN</u>					
6	SSCW Spl (NCC)	2017	9	9	100.00%
7	SSCW Spl (NCC)	2018	9	9	100.00%
8	SSCW Spl (NCC)	2019	10	10	100.00%
9	SSCW Spl (NCC)	2020	10	10	100.00%
10	SSCW Spl (NCC)	2021	10	10	100.00%
TOTAL			48	48	100.00%

Navy: 12 vacancies are reserved in Navy for NCC ‘C’ certificate holders and they are exempted from UPSC written entrance exam. The details of ‘C’ certificate holders who have been inducted into Navy in last 5 years is as follows:-

<u>Year</u>	<u>Vacancy</u>	<u>Application Recd</u>	<u>Appointed</u>
2017	12	15	1
2018	12	17	0
2019	12	29	0
2020	12	39	2
2021	12	74	2

Air Force

10% of the total vacancy in Air Force are reserved for NCC 'C' certificate holders and they are exempted from UPSC written entrance exam. The details of 'C' certificate holders who have been inducted into Air Force in last 5 years is as follows :-

<u>Year</u>		<u>Appointed</u>
2017	-	10
2018	-	04
2019	-	09
2020	-	14
2021	-	41

4.10 During discussion on Demands for Grants 2022-23, the Committee desired to be apprised of the low selection rate of NCC Cadets from Sainik schools. In response, the DG, NCC during evidence submitted as under:-

"I am also an NCC cadet. NCC students get into services in two ways – one is through 'C' certificate holders, and even if I am 'C' certificate holders, I go through the normal chain

But majority of the officers of NCC are 'C' Certificate holders. For example, the current Air Chief is a 'C' Certificate holder, but he did not take 'C' Certificate entry. So, NCC qualified officers going to Services is quite a bit. इस साल 'सी' सर्टिफिकेट के लिए जो हमारे ऑफिसर्स गए हैं, उनकी संख्या बढ़ी है। We are conducting SSB coaching for them. We have increased the SSB coaching. As far as woman candidates are concerned, हम पूरी वैकेंसी भरते हैं। ऑफिसर्स के अंदर हमारी वैकेंसीज पूरी नहीं भरती हैं, लेकिन इस साल there has been a quantum improvement. जैसे 'सी' सर्टिफिकेट के अंदर भी हमने काफी ऑनलाइन ट्रेनिंग की है, सर्टिफिकेट ऑनलाइन देने लगे हैं। We will be stringent in the exam".

Observations / Recommendations

Directorate of Ordnance (Coordination and Services) – New DPSUs

Erstwhile Ordnance Factories

The Committee learnt that Ordnance Factory Board (OFB), with headquarters at Kolkata was a subordinate office of the Department of Defence Production till 30.9.2021 and it controlled and directed 41 Ordnance Factories. The Cabinet, in its meeting held on 16.06.2021 had approved to convert production units of OFB into 7 DPSUs with 41 units, namely Munitions India Limited(MIL), Armoured Vehicles Nigam Limited(AVNL), Advanced Weapons and Equipment India Limited(AWEIL), Troop Comforts Limited(TCL), Yantra India Limited(YIL), India Optel Limited(IOL) and Gliders India Limited(GIL). The Head Quarters of the new corporate entities have been selected based on the location and concentration of OFs, revenue and criticality of Products. Gleaning through the information provided to the Committee they note that to run these new DPSUs, indents placed up to 30th September 2021 on erstwhile OFB have been converted into deemed contracts for supply of respective products. These deemed contracts provide annual targets for the delivery of products. Every year, 60% of the amount pertaining to that year's target shall be paid by the Services to the DPSUs as advance as per the terms and conditions stipulated in the deemed contract. The Government has already allocated capital expenditure of Rs. 4,347 Crore in RE 2021-22 (including the expenditure of Rs 204 Crore upto 30th September 2021 for Ordnance Factories) and Rs. 3,810 Crore in BE 2022-23, for the new DPSUs for Modernisation 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. The Committee learnt that the emergency authorisation for new DPSUs at RE 2021-22 and BE 2022-23 stands at Rs. 2500 Crore at both the stages separately.

2. The Committee were informed that OFB products were priced “on cost basis” for Defence Services prior to corporatisation and every year, prices were fixed for the next year based on actual cost of production of the previous year, ensuing year and estimated cost for the coming year with a provision for upto 8% price escalation each

year. Thus, there was no element of profit involved. Subsequent to corporatisation, the indents placed by the Services on erstwhile OFB were converted to deemed contracts. Since, the prices in the deemed contracts are the same as those applicable to erstwhile OFB for the financial year 2021-22. Thus, the deemed contracts do not have any added element of profit but would have provision for fixed 6% price escalation per annum for the year 2022-23 onwards. With the corporatisation of the OFB, professional management, functional and financial autonomy proper/methodical accountability and restructuring, the Committee express the hope that erstwhile OFB would turn into productive, profitable and efficient DPSUs.

Projected Profit, Savings and Cost Reduction

3. The Committee are happy to note that though the newly created DPSUs have become corporate entities recently, they have started showing a trend of profitability which needs to be maintained in future also. They would like to know very clearly and precisely whether these profits are book adjustments or operating profits. During deliberations, the Committee were apprised that during 2018-19, MIL had made a loss of Rs. 973 crore which rose to Rs. 1295 crore in 2019-20 and 1796 crore in 2020-21, MIL showed a proposed profit of Rs 42.82 crore for 1 Oct 21 to 31 March 2022. Similarly, during 2018-19, AVNL had made a loss of Rs. 152 crore which rose to Rs. 1295 crore in 2019-20 and Rs. 554 crore in 2020-21, AVNL also proposed a profit of Rs 33.06 crore for the same period. Another DPSU, IOL had made a loss of Rs. 69 crore in 2020-21, however it showed proposed profit of Rs 54.64 crore for the period between 1 Oct 21 to 31 March 2022. During 2018-19, YIL had made a loss of Rs. 588 crore which rose to Rs. 695 crore in 2019-20 and Rs. 806 crore in 2020-21. YIL showed improved performance with a lower loss of Rs 76.69 crore for the period between 1 Oct 21 to 31 March 2022. During 2018-19, AWEIL had made a loss of Rs. 494 crore, which rose to Rs. 846 crore in 2019-20 and Rs. 1051 crore in 2020-21, AWEIL also showed a profit of Rs 6.58 crore for the above period. Similarly, During 2018-19, GIL had made a loss of Rs. 73 crore which rose to Rs. 97 crore in 2019-20 and Rs. 92 crore in 2020-21, now GIL has also shown a profit of Rs 1.17 crore for the period between 1 Oct 21 to 31 March 2022. During 2018-19, TCL had made a loss of Rs. 221 crore which rose to Rs. 379

crore in 2019-20 and Rs. 229 crore in 2020-21, TCL also proposed to register a profit of Rs 24.70 crore for the period between 1 Oct 21 to 31 March 2022.

4. The Committee were further informed by the Ministry that these new Undertakings are showing saving or reducing their cost from a minimum of 7.4 percent in case of MIL to 59.42 percent in case of IOL for the period between 1 Oct 21 to 31 March 2022. In total these undertaking had savings of Rs. 92.43 crore. The Committee understand that these DPSUs are in the nascent stage, and the Government and management are doing their best to make these units viable and profitable. The Committee, express the hope that the profits become incremental in the future and DPSUs would work shoulder in shoulder with the older DPSUs in the progress of the nation. The Committee would like to be apprised of the planning/road map/time lines drawn by each of the newly constituted corporation for sustaining their growth and profits.

Order Book Position

5. As regards, the Order Book position of the Ordnance Factories for the next five years, the Ministry of Defence apprised the Committee that all the DPSUs have relatively healthy order book positions except MIL and YIL from the year 2026-27 onwards. In the case of YIL, which registered no orders from 2023-24, the Ministry has apprised that since this PSU is primarily meant for supplying intermittent products/ raw materials/ Components to other New Defence Companies, therefore, Order Book Position for the next 05 years with services in case of YIL is not applicable. The contracts with sister New Defence Companies are being concluded on year-to-year basis as per requirements. Though some of the DPSUs like MIL and AWEIL are targeting Rs. 5,000 and Rs. 10,000 crore order book in coming years but others are not in a comfortable position. As stated earlier in the report, these DPSUs are in initial stage and very new and nascent to the corporate world after years of staying in a protective Government environment of supplying products to the entities/organisations of Ministry of Defence and wholly owned by the Government. Therefore, the Committee recommend that even though as a special or stop gap arrangement, due support in regard to orders etc should be extended by the Ministry

to them as they believe that in the coming years these new DPSU would explore and establish newer markets both in the country and abroad, and become self-sustainable. The Committee recommend that the Ministry should like to seek enlist cooperation of Ministry of External Affairs so that MEA on their part may explore new markets overseas for products of DPSUs through their diplomatic channels.

Manpower

6. The Committee are pleased to note that the Government has taken cognisance of views expressed by the various unions of Ordnance Factories, which has been mentioned in earlier reports of the Committee, and made all the employees of erstwhile OFB as having belonging to production units and identified non-production units transferred *en masse* to the New DPSUs on deemed deputation on terms of foreign service without any deputation allowance initially, for a period of two years. They shall continue to be subject to all the extant rules and orders as are applicable to the Central Government servants pay scales, allowances, leave, medical facilities, career progression and other service conditions. The Committee also note that the pension liabilities of the retirees and existing employees will continue to be borne by the Government from the Ministry of Defence budget for Defence Pensions and also constituted a Directorate of Ordnance Coordination Services to look after all the related issues. The Committee are satisfied to note that as assured by the representatives of the Ministry, the service conditions of the employees of erstwhile Ordnance Factories will not be altered to their detriment. The Committee further note that fresh recruitment has already been stopped for the last two years in the new companies because they were in the process of getting corporatized and that these companies are already overstaffed and more than 75,000 employees are already working. The Committee express the hope that when once these companies start earning profits through domestic sales or exports, the management shall consider recruiting more staff.

Indigenisation

7. During the examination of Demands for Grants, the representatives of the newly formed DPSUs informed the Committee that barring few PSUs, indigenisation percentage of products manufactured by them is more than 90 percent. In Munitions India Limited current Indigenisation content is 95%. In Armoured Vehicles Nigam Limited(AWEIL) except T-90 Tanks and UTD-20 Engine for BMP-II, which have indigenisation content 80.1 percent and 83.04 percent respectively, all other products of AWEIL have more than 95 percent indigenisation percentage. Yantra India Limited has 100 percent indigenous content and AWEIL, IOL also have an indigenisation percentage of more than 90 percent. The Committee expect that with very meticulous planning and prudent production and marketing management systems, all the DPSUs would turn out to be having 100 percent indigenous content, especially in products like 'Dhanush'. They would like a detailed note to them to be submitted on the measures initiated/planned for achieving such an objective.

Research and Development Expenditure

8. The Committee note that R&D expenditure of MIL ranges from 0.15 percent to 0.77 percent of the VOI (Value of Issue). As informed by a representative of the Ministry, it will be increased to one percent next year. AVANI is doing R&D on 43 units to improve the products and has decided to develop major platforms in collaboration with academic institutions and the industry. IOL contributes 0.30 percent of VOI on R&D, which is also quite low. AWEIL has main focus on the development of Artillery guns but not specified the amount it is spending on R&D. TCL is spending 0.22 percent of VOI on R&D and it has planned to increase to 2-3 percent in near future. YIL has also intended to focus on R&D to make the company commercially viable. GIL has stated that it is spending Rs 15 lakh on R&D but planning to increase it. The Committee are happy to note that these new DPSUs have been focusing on R&D so as to establish themselves in the competitive environment. However, it would be an amiss on the part of the Committee if they do not recommend that a targeted percentage of their profits be set aside as R&D expenditure every year. Here the Committee would also recommend that in addition to sale of the products, the

corporations consider the prospect of selling their technologies both within India and abroad especially in developing countries.

Export

9. During deliberations on Demands on Grants 2022-23, a representative of the Ministry of Defence apprised the Committee that except MIL, YIL and AWEIL no other newly created DPSU has been awarded any export contract. MIL has already obtained exports orders worth Rs 87 crore and it aims to increase exports from the existing 2% of Annual Value of Issue to 8% by next year. AVANI has taken many initiatives in exports, including Naval guns, air defence guns, and small arms weapons. IOL has focused on countries for exports such as Algeria, Sri Lanka, Middle East Countries, Philippines, South Africa, Nigeria, Bhutan & Nepal, however, it has not exported anything yet. AWEIL has also started a dedicated export promotion group to earn from export. YIL has to export High Caliber Artillery Shells and 155 MM ERFB HE (BT/BB) Shells (40,000 Nos. worth Rs. 200 Cr.) and 7.62 mm ammunition, and is expecting an order for the supply of Brass and GM Cups to MIL for their expected export orders of 250 Million numbers of 5.56mm ammunition. GIL has exported various parachutes like Brake Parachute for SU30, Brake Parachute for Jaguar and Brake Parachute for MIG-21 to different foreign countries in South east and Central Asia. Presently GIL is actively pursuing export leads in South East Asia and US/Europe. The Committee recommend that efforts should be made so that in future more export orders are secured by each and every corporation and no stone should be left unturned in achieving this objective. The Committee express the hope that the opportunity thrown at the GIL regarding repairing of parachutes of sports club etc should be fully capitalised by them and they should also think of supplying durable and cost-effective parachutes to sports clubs in India and abroad.

Challenges faced by the new DPSUs

10. During examination of the Demands for Grants, the CMDs of new DPSUs have submitted the following challenges/problems faced by them after Corporatisation of erstwhile Ordnance Factories:

1. Transition from Government setup to Commercial Entity Skewed Workload – Factories engaged in manufacture of High Explosives, Small Arms Ammunition are sub-optimally loaded
2. Deemed contract, which constitute about 85% of workload, do not have any provision of profit
3. Gap between the available and required Skill set
4. Change of mind set of employees to adopt to new system
5. To make the operations profitable
6. Limited / restricted vendor base
7. Timely receipt of Import / product support items
8. To emerge as manufacturer of indigenously designed products/systems from being presently TOT based Manufacturer.
9. To reduce dependence on new DPSUs by increasing Customer Base.
10. Engaging consultants in the field of Accounting, Auditing, Costing, and Compliances.
11. High Cost of Production due to sub-optimal workload.

The Committee recommend that the Ministry should make all out efforts so as to support the fledgling DPSUs by conducting due diligence and by suitably addressing the needs and requirements of each and every newly constituted DPSUs so that they become viable. If required Ministry may like to constitute a task force for periodically reviewing the short comings and finding out the ways and means to address the same.

Defence Research and Development Organisation

Budget

11. From the data furnished by the Ministry, the Committee find that over the years, the budget of DRDO has been around 5-6% of the Defence Budget. However, it is not increasing and is commensurate with cost of inflation and also keeping in view the fact that a major amount goes towards expenses for strategic schemes & CCS projects/ programmes, pay & allowances and other non-salary revenue expenditure, each of which essentially keeps growing every year. In the year 2021-22, DRDO had projected an amount of Rs. 23460.44 crore while the final allocation made was Rs. 18,227.44 crore, which is short of the initial projection made by Rs. 5122.56 crore. This allocation is even lesser than the BE allocation for the year 2021-22. In BE for 2022-23, DRDO has sought Rs. 22,990, whereas the allocation made is Rs. 21,330.20 crore. Thus, there is a shortfall of Rs. 1659.80 crore in allocation. The Committee express the hope that cuts in budget allocation to DRDO should not lead to under compromises in the operational needs and R&D activities of the organization. Hence, the Committee recommend where necessary, DRDO should seek additional funds at Revised Estimates/Supplementary stage so that their R&D activities progress as per the timeline set.

R&D Expenditure

12. The Committee note with concern that the percentage of expenditure for Defence R&D in the overall GDP during past years has seen no growth. In fact, the percentage was 0.088% in 2016-17, which has come down to 0.083% in 2020-21. Analyzing, the expenditure on R&D vis-à-vis total defence expenditure, it was found to be far less than other developed countries such as China which is spending 20% and USA 12% of their respective budget on R&D in comparison to their Defence Budgets. The Committee are of the view that given the current international scenario, where threat perception is increasing due to the ongoing conflicts world over, it is essential to keep national security interest paramount. Therefore, the Committee recommend

that adequate funding should be provided to Defence Research, so that strategic projects are taken up with full vigour.

Manpower

13. Gleaning through the data provided by the Ministry, the Committee note that the authorized strength of scientists in DRDO is 7773 whilst the existing strength is 6965. There is a shortfall of 808 scientists which is slightly more than 10% of sanctioned strength. The Committee were informed by the representative of DRDO that the organization is in process of recruiting scientists. The Committee recommend that recruitment process of scientists should be expedited and completed at the earliest so that young talent gets the opportunity to serve in Defence research. In the organization such as DRDO the directly contributing skilled manpower is of scientists only and as such the Committee would like to place on record that the shortage of scientists should be taken up very seriously. It goes without saying that a strong R&D set up of DRDO and dedicated work force would eventually strengthen our armed forces and developing deterrent capacities for the country. The Committee also note that during last five years 147 scientists left DRDO on personal grounds. The Committee are of the view that to make service in DRDO attractive and arrest brain drain, the Ministry should take measures such as introducing Performance Related Incentive Scheme (PRIS) in DRDO. The Committee opine that the scheme will accrue benefit to not only talented personnel of the organization but help in their retention and thereby resulting into overall growth of R&D in the country.

Private Industry participation

14. During the examination of Demands for Grants of the Ministry of Defence, the Committee were given to understand that DRDO has been sharing technologies with private sector and also offering testing facilities to private sector companies. In the last year alone more than 300 industries utilized DRDO test facilities. These opportunities are being given to those industries which are manufacturing products for our Armed Forces. The Committee appreciate the participation of private sector in

national Defence arena. However, the Committee also would like to caution that due precaution needs to be taken to ensure that the technologies and products of DRDO are protected, utilized and ensured for national defence only and are not transferred into adversaries hands. In the process DRDO should ensure to protect their research outcomes and intellectual property rights.

Centre for Excellence and Collaboration with Universities/Academic Institutions

15. The Committee were informed that DRDO is functioning in collaboration with academic institutions through various methodologies and schemes which inter-alia include setting up of ten centres for excellence. During 12th plan period, Rs. 400 crore were sponsored to various universities and academic institutions and an amount of Rs. 1048 crore were sponsored for 633 research projects. The Committee were keen to know the achievements accomplished through involvement of various institutions and centers. In this connection, it was found that there are many technologies under development stage at various centers such as light weight bullet proof materials, ballistic and blast protection material enabling technologies for long range hypersonic vehicles, etc. The Committee applaud the progress being made at these academic institutions and desire that DRDO shall continue to engage in attracting talent across the country for development of various defence technologies.

16. The Committee also observe that there is a significant shortfall of utilization of the funds allocated under the grant-in-aid schemes for various kind of research schemes etc. For the current financial year 2021-22 as against an allocation of Rs. 31250 crore, only Rs.11821 crore have been utilized till 31st December 2021. The Committee, therefore, recommend that serious efforts need to be made for optimal utilization of funds allocated for these research schemes and a mechanism should be developed for regular monitoring of the spending pattern on a quarterly or half-yearly basis under intimation to the Committee.

Export of Brahmos Missile

17. The Committee are happy to learn that the products developed by DRDO are finding their way to the international markets. During oral evidence, the Committee were pleased to note that a contract has been signed with Philippines for supply of Coastal launched Brahmos missile system. The Committee desire that efforts should be made to enhance export potential of DRDO so that the organization is able to tap huge global market in the area of defence, which will not only benefit the organization but also serve the financial exchequer of the country. The Committee recommend that Ministry should work in close coordination with other Ministries viz Ministry of Commerce and particularly the Ministry of External Affairs who in turn can take the onerous duties through diplomatic endeavors to secure more export orders. The role of military attaché, posted with Indian Missions abroad need to be revisited, redefined eventually making them more responsive and pro-active in this regard. The Committee would like to be apprised of the steps taken by Ministry on this issue at the time of furnishing of Action Taken Replies.

18. The Committee, are happy to note that phase-I of Ballistic Missile Defence (BMD) system has been successfully completed by DRDO, which is extremely crucial from point of view of national defence. The Committee recommend that a comprehensive approach to missile and air defence system should be incorporated in strategic projects of DRDO.

Indigenisation of Tejas LCA and Arjun Main Battle Tank (MBT)

19. During the evidence of Demands for Grants of the Ministry of Defence for the year 2021-22, the Committee were informed that in Tejas LCA and Arjun MBT certain improvements were suggested by Indian Air Force and Army respectively, and the suggested improvements have been successfully incorporated and evaluated by the users. After going through the information furnished by the Ministry of Defence, the Committee found that the issue of provision of missile is still pending with regard to Arjun MBT. The Committee understand that without proper missile ammunitions, firing

capability of the tank shall not be able to serve Army effectively. The Committee desire that DRDO shall come up with solutions for the speedy provisioning of missile for Arjun MBT. The Committee are happy to note that HAL has got orders for production of 83 LCA Tejas which was developed by DRDO. The Committee recommend that more efforts should be made so that the improved and lethal versions of LCA Tejas is introduced in near future. At the same time the Committee would also recommend that HAL must keep itself abreast with the requirements of the market segments in this regard internationally so that once the stage comes it may be in a position to manufacture the aircrafts for exports to friendly countries.

Directorate General Quality Assurance

Budget

20. The Committee note that in BE 2022-23 as against the total budgetary projection of Rs. 1343.10 crore, the allocation made to DGQA was Rs. 1304.08 crore for both Revenue & Capital Heads. Similarly, the projection under Revenue Head was Rs. 1323.10 crore while the allocation was Rs. 1284.08 crore. Since the allocation for the Revenue Head is deficient by almost Rs. 39.02 crore, the Committee would like to know the reasons for the same and also whether the allocations are expected to be raised at the Revised Estimates stage. The Committee also note that in year 2021-22, the Revenue Budget at the Modified Appropriate stage allocation was Rs. 1031.17 crore and the expenditure was only Rs. 827.53 crore. Likewise, in Capital Budget the allocation after Modified Appropriate was Rs. 10.67 crore, whereas expenditure incurred was very meagre at Rs. 4.02 crore. From the data supplied by the Ministry a similar trend of under-utilization of the allocated budget is seen from the year 2018-19 to 2020-21 too. The Committee strongly feel that public resources need to be very judiciously utilized and it is very important that projection of funds required should be done realistically as otherwise besides overburdening the exchequer unnecessarily, it also deprives these funds from being gainfully utilized by other departments of Defence. The Committee recommend for stringent expenditure planning on the part of DGQA to ensure optimal utilization of funds and maintaining uniformity in the distribution of expenditure throughout the year.

Inspections and Quality Assurance

21. The Committee note from the data supplied to the Committee that the value of stores inspected have come down over the years from 34407.5 in 2017-18 to 16287.6 in 2021-22 evidently indicating a consistent drop in value and downward trend. A representative of DGQA admitted during the oral evidence that there is a dip in the last year figures owing to low production in the factories and also due to corona pandemic. The Committee were also apprised that based on the feedback received from the field, Army and the Forces, a detailed investigation process is undertaken to identify the defects, complaints and difficulties faced by the Armed Forces.

22. The Committee appreciate the process being followed by DGQA for seeking user feedback which enables progressive improvement through critical analysis in regard to the quality of the product. However, the Committee are aware that despite taking various measures, sometimes defective items do reach the forces. This lacunae had been brought out by the Committee in their earlier reports. The Committee, therefore, recommend that an all out effort need to be made by DGQA to achieve zero defect level while carrying out inspection at various stages of production, not only to ensure the user confidence level but also to achieve precision in the use of various platforms and equipment. Then only the value for money could be realized.

23. From the replies furnished by the Ministry, it is not clear whether the information and figures supplied to the Committee in regard to capital and revenue budget are inclusive in the figures of DGQA or their exists separate statistical information in regard to DGAQA, DGAQA (Navy). The Committee would like clarification in this regard so that they can arrive at better inferences from the figures supplied by the Ministry.

National Cadet Corps

Budget

24. The Committee after gleaning through the information and data provided by the Ministry pertaining to last five years have found that during the year 2017-18, the total allocation including Revenue and Capital was Rs. 1449.63 crore while expenditure was Rs. 1377.21 crore. Similarly during the year 2018-19 as against an allocation of Rs. 1551.58 crore, the expenditure incurred was Rs. 1434.92 crore. This trend of under spending has been followed in subsequent years and during the year 2021-22 also, NCC was not able to spend Rs. 369 crore.

The Committee also note that under Revenue non-salary expenditure which caters to requirements of Store, Camp, training activities, Revenue works IT, transport etc., the Budget allocated in Budget Estimates during the year 2021-22 was Rs. 350.43 crore while the allocation in Budget Estimates during the year 2022-23 is only Rs. 308 crore which is Rs. 42.43 crore less than the previous year as allocated. The Committee are of the view that that decreased funding would lead to compromises in the spending for various activities and functioning of NCC and also in achieving its objectives. The Committee understand that the role and responsibilities of NCC are varied and the organization serve as a bedrock layer of national integrity. Therefore, the Committee recommend that allocations should be incremental every year so that training and camp activities of NCC are not adversely affected. The Committee urge that all out measures be taken by NCC so as to ensure that there is no under spending in future and the Ministry should also be supportive of NCC in meeting their demands.

Training and Employment in Armed forces, DPSUs and private Sectors

25. The Committee appreciate the initiatives taken by the Ministry in pushing the cause of NCC Cadets and convincing private Industries to give priority to NCC 'C' Certificate holders for employment. As a sequel to this, Committee are happy to learn that one corporate industrial house has offered jobs to 300 NCC Cadets. Further, the Committee came to learn that some state governments are giving preference to the NCC Cadets in the jobs and the Ministry is also continuously pursuing this matter with

them for the gainful employment of NCC Cadets. On the issue of priority in granting admission in medical and engineering colleges in the state of Telengana to the 'C' Certificate holders, the Committee were also apprised by the representatives of NCC that the matter is under consideration and the Ministry is pursuing this matter vigorously. The Committee were also informed about efforts being made for giving preference to NCC Cadets in recruitment to Merchant Navy. It was also brought to the notice of the Committee that after actively pursuing with UGC, about 1800 colleges and universities have agreed to introduce NCC as a credit course in their programme.

While appreciating the steps taken by the Ministry in this direction, the Committee desire that Ministry need to make more concerted efforts to ensure that the maximum number of NCC Cadets, many of whom may not be 'C' Certificate Holders can also get benefits of gainful employment both in public and private sector. The Committee desire that focused efforts and detailed consultative process should be initiated by the Ministry with State Governments so as to enable maximum employment of NCC Cadets for suitable jobs in various sectors. The Committee strongly feel that more and more students can be motivated to join NCC in future, if the scope of employment for them is assured and there is a need for a well defined strategy in place with clear cut goals in this regards. The Committee would like to be apprised of the steps taken by the Ministry in this regard and its outcome at the time of furnishing of Action Taken Replies.

Expansion of NCC and SFS scheme

26. From the reply submitted by the Ministry, the Committee note that there are 18864 Institutions in India where a student can opt for NCC. Out of these, 13883 are Government and 4981 are Private Institutions. In the last two years, 1283 Institutes have been added in the Border and Coastal areas. During the deliberations before the Committee, DG NCC has apprised that as against total strength of 17 lakh cadets, presently NCC has 15 lakh cadets and the reason for this gap is due to late opening of schools on account of Covid etc. The Committee in their earlier reports raised the issue of growing number of institutions that want to introduce NCC facility and are waitlisted. The figure of waitlisted institutions have now reached to 8,472.

Considering that the spirit of NCC develops character, camaraderie, instill discipline and ideals of selfless service amongst young citizens, the Committee recommend that the backlog of waitlisted institutions be cleared at the earliest. The Committee express the hope that recently introduced scheme of SFS where a cadet has to bear the expenses of training himself will definitely reduce the financial burden of NCC. The Committee also appreciate the measures taken by NCC Directorate by increasing number of countries from 10 to 25 under Youth Exchange programme and by introducing simulators in the training.

Trainers in NCC

27. During deliberations on Demands for Grants for the year 2022-23, the Committee note that there is shortfall in training capacities in NCC. The Committee were given to understand that in order to resolve the issues with regard to shortfall in trainers, a high level Committee under Chairmanship of Shri Baijayant Panda Ji, Hon. Ex-MP has been constituted. Considering the role of NCC in national building, the Committee recommend that issues relating to trainers are resolved at the earliest and matters relating to expansion of administrative structure at college and institutional level is undertaken for consideration expeditiously. The Ministry may also consider the feasibility of induction of trainers from ESM and civilian field to overcome the shortage of trainers from the Services.

Low Selection rate of NCC Cadets in Armed Forces

28. The Committee note that the selection rate of NCC 'C' Certificate holders especially male cadets in the Armed Forces is low. As per the data provided by the Ministry, the induction of male NCC Cadets from 2017 to 2021 was only 314 as against the available vacancies of 500. Further, the selection rate of NCC 'C' certificate holder in Army is also quite low as more than 40% vacancies remained vacant. During the same period, the performance of 'C' certificate holder in Naval Wing was also not upto the mark as out of 12 vacancies only 2 Cadets were selected as officers in Navy.

The Committee are of the view that on one hand services are facing shortage of officers and on the other hand NCC is not able to train their cadets to become officers in the Army, Navy and Air Force. Therefore, the Committee recommend that the Ministry should revamp their training methods and also devise new methods so as to ensure that NCC cadets are trained in a professional way in order to enable them to get selected for Staff Selection Board (SSB).

New Delhi;
14 March, 2022
23 Phalguna, 1943 (Saka)

JUAL ORAM
Chairperson
Standing Committee on Defence

STANDING COMMITTEE ON DEFENCE (2021-22)

**MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2021-22)**

The Committee sat on Wednesday, the 16th February, 2022 from 1100 hrs to 1745 hrs in Committee Room C, Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Lt. Gen. Dr. D. P. Vats (Retd.) – Acting Chairperson

MEMBERS

Lok Sabha

2. Kunwar Danish Ali
3. Shri D.V. Sadananda Gowda
4. Shri Rattan Lal Kataria
5. Dr. T.R. Paarivendhar
6. Shri Prathap Simha
7. Shri Brijendra Singh
8. Shri Mahabali Singh

Rajya Sabha

9. Dr. Ashok Bajpai
10. Shri Sharad Pawar
11. Shri Kamakhya Prasad Tasa
12. Dr. Sudhanshu Trivedi
13. Shri K.C. Venugopal

SECRETARIAT

- | | | |
|-------------------------|---|------------------|
| 1. Shri M.K. Madhusudan | - | Joint Secretary |
| 2. Dr. Sanjeev Sharma | - | Director |
| 3. Shri Rahul Singh | - | Deputy Secretary |

LIST OF WITNESSES

MINISTRY OF DEFENCE

Sl. No.	Name & Designation
1	Dr. Ajay Kumar, Defence Secretary
2	Lt Gen Anil Puri, Addl Secretary, DMA
3	Smt Nivedita Shukla Verma, Addl Secretary
4	Shri Sanjiv Mittal, Financial Advisor Defence Services
5	Shri Sanjay Jaju, Addl Secretary, DP
6	Radm Kapil Mohan Dhir, JS(Navy)
7	Maj Gen K Narayanan, JS(Army)
8	AVM H Bains, JS(Air)
9	Shri Rajesh Sharma, Addl. FA(RS) & JS
10	Shri Anurag Bajpai, JS(P&C)
11	Shri Surendra Prasad, JS(NS)
12	Shri Chandraker Bharti, JS(Aero)
13	Cmde Siddharth Mishra, Chairman & Managing Director (CMD), BDL
14	Shri R. Madhavan, CMD, HAL
15	Mrs. Anandi Ramalingam, CMD, BEL
16	Cmde Hemant Khatri, CMD, HSL
17	Shri Amit Banerjee, CMS, BEML
18	Cmde B.B. Nagpal, CMD, GSL
19	Radm VK Saxena, CMD, GRSE
20	Dr. Sanjay Kumar Jha, CMD, MIDHANI
21	Vadm Narayan Prasad, CMD, MDL
22	Shri Rakesh Mittal, JS(Lands)
23	Shri Ajay Kumar Sharma, DGDE
24	Lt Gen SS Mishra, Quarter Master General (QMG)
25	Maj Gen Sumit Talwar, ADG Land, Works & Environment
26	Smt. Meena B. Sharma, Sr. Addl. DG
27	Shri Valeti Premchand, Addl. DG
28	Shri Ravi Shankar, Addl. DG
29	Smt. Sonam Yangdol, Addl. DG
30	Smt. Vibha Sharma, Addl. DG
31	Maj Gen Ravi Murugan, ADG, MO(B)
32	Shri Dinesh Kumar, JS(AF)
33	Maj Gen YP Khanduri, GM & Chairman, BOA
34	Lt Gen Shantanu Dayal, DCOAS(CD&S)
35	Shri Satish Singh, JS(BR)
36	Lt Gen Rajeev Chaudhary, DGBR
37	DG VS Pathania, DGICG
38	ADG Rakesh Pal, ADGCG
39	DIG Manoj Bhatia, PD(Budget)
40	V Adm SN Ghormade, VCNS
41	R Adm CR Praveen Nair, ACNS(P&P)
42	Air Mshl BR Krishna, CISC

43	R Adm Manish Sharma, ACIDS(FP&Adm)
44	Lt Gen Samir Gupta, DG, FP
45	Maj Gen H Dharmarajan, ADG, FP
46	Maj Sunil Kumar Sharma, GSO-1, FP-4
47	Maj Gen Rajendra Bana, ADG, OS(B)
48	Lt. Gen Rakesh Kapoor, DG CD
49	Maj Gen Sandeep Jain, ADG CD (A)

2. At the outset, the Joint Secretary informed the Committee that Hon'ble Chairperson would not be able to attend the Sittings in connection with examination of Demands for Grants of the Ministry of Defence for the year 2022-23. He further stated that as per Rule 258, if the Chairperson is absent from any sitting, the Committee shall choose another Member to act as Chairperson for the sitting. In this connection, the Members requested Lt. Gen. (Dr.) D. P. Vats (Retd.) to Chair the Sittings.

3. Thereafter, the Acting Chairperson welcomed the Defence Secretary, General Officers, Senior Bureaucrats and other officers of the Ministry of Defence to the Sitting of the Committee convened to deliberate on various aspects relating to Demands for Grants of the Ministry of Defence for the year 2022-23. Before proceeding further, all present observed a minute's silence to honour General Bipin Rawat, 13 Defence officials and Ms. Madulika Rawat who died in a chopper crash in December 2021 and seven Defence personnel who died in a recent tragedy of avalanche near LAC.

4. The Chairperson informed all 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 2022-23 on the subjects 'General Defence Budget, Capital Outlay on Defence Services, Department of Military Affairs (DMA), Ministry of Defence (Civil), Defence Public Sector Undertakings (DPSUs), Directorate General Defence Estate (DGDE), Canteen Stores Department (CSD), Border Roads Organization (BRO), Coast Guard Organisation (CGO), Navy and Joint Staff' and requested the representatives of the Ministry of Defence to brief the Committee on various issues included in the agenda for the day. He also drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha stipulating that the discussions in the Sitting are to be treated as confidential and are not to be made public till the Report of the Committee on the subject is presented to Parliament.

5. 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 2022-23. The highlights of the brief given by the Defence Secretary are as under:

- i. Increase of approximately 12.82 percent over the Financial Year 2021-22 in capital allocations pertaining to modernisation in infrastructure development of Armed Forces;
- ii. Enhancement of share of domestic capital procurement, which was earmarked at 58 per cent and 64 per cent in 2020-21 and 2021-22, respectively, to 68 per cent of the capital acquisition Budget of the Defence Services for the year 2022-23 which would roughly amount to Rs. 84,598 crore;
- iii. Earmarking of 25 per cent of the Defence Research and Development Budget for private industries, start-ups and academia;
- iv. Allocation of Rs. 60 crore and Rs. 23 crore, respectively, for Innovation for Defence Excellence (IDEX) and Defence Testing Infrastructure scheme in the Financial Year 2022-23 for enabling the Defence industrial eco-system in the country;
- v. Jump of 55.60 percent in capital segment of the MoD (Civil) Budget catering to organisations like Coast Guard, Border Roads Organisation, Directorate General of Defence Estates etc.;
- vi. Increase of 40 per cent in capital Budget of Border Roads Organisation in Financial Year 2022-23 *vis-à-vis* Financial Year 2021-22;
- vii. Enhancement of 60.24 percent in the capital Budget of Indian Coast Guard to Rs. 4,246.37 crore in FY 2022-23, *vis-à-vis* Rs. 2,650 crore in FY 2021-22;
- viii. Earmarking of Rs. 1,643 crore in Revised Estimates (RE) of 2021-22 and Rs. 1310 crore in Budget Estimates (BE) of 2022-23 for planned modernization of seven newly created Defence Public Sector Undertakings (DPSUs). Additional earmarking of Rs. 2500 crore in BE of 2022-23 and also in RE of 2021-22 as Emergency Authorisation Fund for these DPSUs; and
- ix. Implementation of SPARSH, an integrated system for automated sanction and disbursement of Defence pension, by the Ministry of Defence since July, 2021.

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. Growth of Defence Budget *vis-à-vis* inflation and Central Government Expenditure;
- ii. Static expenditure on Research & Development for the past few years;
- iii. Plans for coping with Defence modernization plans in view of the budgetary allocation for 2022-23;
- iv. Decrease in Pension Bill;
- v. Monitoring of quality of products/equipment manufactured under '*Aatmanirbhar Bharat*' initiative;
- vi. Major increase in allocation for Border Roads Organisation;
- vii. Scope of revenue generation in opening up of Defence Research and Development to private industry and academia;
- viii. Huge mismatch between projection and allocation in Defence Budget for the Financial Year 2022-23 and its effect on operational preparedness of the Forces, Modernisation plans and '*Aatmanirbhar Bharat*' initiative;
- ix. Progress of Defence Industrial Corridors in UP and Tamil Nadu and funds allotted to each corridor;
- x. Use of jamming technology in electronic warfare;
- xi. Maintenance of airports controlled by Defence Forces;
- xii. Utilization of funds under Capital Outlay on Defence Forces in FY 2021-22;
- xiii. Utilization of funds by the Services in FY 2022-23;
- xiv. Integrated Theater Commands;
- xv. Enhanced delegated financial powers to Armed Forces at field and headquarters level; and
- xvi. 'Ease of doing business' for entrepreneurs/suppliers willing to enter Defence sector.

7. After tea break, the representatives of the Ministry of Defence and the Defence Public Sector Undertakings (DPSUs) commenced their briefing on the subject 'Defence Public Sector Undertakings' through a Power Point presentation. This was followed by detailed deliberations on the following issues:

- i. Steps taken by the Ministry for upgrading production and manufacturing in DPSUs, which was hit by COVID pandemic for the last two years;
- ii. Percentage of indigenous content in products/equipment being manufactured by the DPSUs;
- iii. Profit accrued due to exports in the last two years;
- iv. Profitability of BEML and plan for its disinvestment;
- v. Steps being taken for protection of DPSUs' future; and
- vi. Construction of submarines by DPSUs.

8. Thereafter, a Power Point Presentation by the representatives of the Defence Estates Organisation (DEO) was made. This was followed by extensive discussion on the following points:

- i. A case where a 102 year old Government school in Hebbal, Bengaluru is locked in ownership of land dispute with Defence authorities/establishment;
- ii. Demands/requests of the State/ local Government for transfer of land from the Defence authorities to them for infrastructural development;
- iii. Elections of Cantonment Boards; and
- iv. Salient features of draft Cantonment Bill, 2021.

9. Thereafter, a presentation was given by Canteen Stores Department (CSD) followed by discussion *inter alia* on Goods and Service Tax (GST) on products in CSD and provision/supply of new stitched combat uniforms for officers in the Army through CSD.

10. Followed by CSD, a Power Point presentation on Border Roads Organization (BRO) was made. The deliberations were held on the subject on following points:

- i. Appreciation of role of BRO;
- ii. Requirement of critical equipment by BRO; and
- iii. Raising of all women Road Construction Company (RCC).

11. Thereafter, the Chairperson invited representatives of the Coast Guard Organisation. The representatives of the Coast Guard Organisation commenced their briefing through a Power Point presentation. This was followed by discussion on following points:

- i. Use of drones by Coast Guard Organisation;
- ii. Steps taken for helping the fishermen who stray into waters of other countries;
- iii. Manpower in the Coast Guard Organisation;
- iv. Utilization of allocated amount for FY 2021-22; and
- v. Training of marine police personnel.

12. Thereafter, the representatives of the Ministry of Defence commenced their briefing through a Power Point presentation on Navy. This was followed by detailed deliberations *inter alia* on the following issues:

- i. Allocation of funds *vis-à-vis* projections and plans on meeting the requirements as per the allocation;
- ii. Operational preparedness of Navy to counter threat perception;
- iii. Modernisation of Navy;
- iv. Percentage of import content which is unavoidable for modernization;
- v. Future roadmap to defend the Indian Ocean; and
- vi. Manpower strength in Navy.

13. Thereafter, a presentation on Joint Staff was made which was followed by discussion *inter alia* on following points:

- i. Special Operations Division;
- ii. Pace of expenditure and milestone payments in FY 2021-22; and
- iii. Air Defence Command and Maritime Theater Command.

14. The Chairperson, at the end, thanked the Defence Secretary, General Officers, Flag Officers, Senior Bureaucrats and Defence Officers 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.

The witness then withdrew.

The Committee then adjourned.

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

STANDING COMMITTEE ON DEFENCE (2021-22)

**MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2021-22)**

The Committee sat on Thursday, the 17 February, 2022 from 1100 hrs. to 1820 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Lt. Gen. Dr. D. P. Vats (Retd.)

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IN CHAIR

MEMBERS

LOK SABHA

- 2 Kunwar Danish Ali
- 3 Shri Rahul Gandhi
- 4 Shri D.V. Sadananda Gowda
- 5 Shri Annasaheb Shankar Jolle
- 6 Shri Rattan Lal Kataria
- 7 Shri Uttam Kumar Reddy Nalamada
- 8 Shri Prathap Simha
- 9 Shri Brijendra Singh
- 10 Shri Mahabali Singh

RAJYA SABHA

- 11 Dr. Ashok Bajpai
- 12 Shri Sharad Pawar
- 13 Shri Kamakhya Prasad Tasa
- 14 Dr. Sudhanshu Trivedi

SECRETARIAT

1. Shri M. K. Madhusudan - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

LIST OF WITNESSES

MINISTRY OF DEFENCE

Sl. No.	Name & Designation
1	Dr. Ajay Kumar, Defence Secretary
2	Dr. G. Satheesh Reddy, Secretary, DDR&D
3	Lt Gen Manoj Pande, VCOAS
4	Lt Gen Anil Puri, Addl Secy, DMA
5	Smt Nivedita Shukla Verma, Addl Secy
6	Shri Sanjiv Mittal, FADS
7	Shri Rajesh Sharma, Addl. FA&JS
8	Shri Sanjay Jaju, Addl Secy, DP
9	Lt Gen SK Sharma, DCOAS (Start)
10	Lt Gen Shantanu Dayal, DCOAS(CD&S)
11	Lt. Gen CP Cariappa, MGS
12	Lt Gen Samir Gupta, DG, FP
13	Maj Gen K Narayanan JS (Army) & TA
14	Maj Gen Atul Rawat, Offg DG SP
15	Maj Gen H Dharmarajan, ADG, FP
16	Maj Gen S K Vidyarthi, ADG EM
17	Maj Gen K V Jauhar, ADG ADB
18	Lt. Gen Rakesh Kapoor, DG CD
19	Maj Gen Sandeep Jain, ADG CD
20	Lt Gen. Harpal Singh, E-in-C
21	Lt. Gen. S S Mishra, QMG
22	Maj Gen Ashok Kumar, DG Works
23	Shri Rakesh Mittal, JS(Lands)
24	Lt. Gen RK Malhotra, DG DGQA
25	Sh Rajeev Ranjan, ADG (Adm.)

26	Shri Mayank Tewari, JS (Med./ Trg.)
27	Lt. Gen Gurbirpal Singh, DG NCC
28	Shri Satish Singh, JS(BR)
29	Cmde Sandeep Chakravarti, Inspecting Officer, Sainik School Society
30	Air Mshl Sandeep Singh, VCAS
31	Air Mshl N Tiwari, DCAS
32	AVM N M Desai, Fin (P)
33	AVM H Bains, JS(Air)
34	AVM Arun Malik, ACAS (Proj)
35	Sh. K.S. Varaprasad, DS & DG(HR)
36	Sh. Hari Babu Srivastava, OS & DG (TM)
37	Ms Suma Varughese, OS & DG (MED & CoS)
38	Sh. G N Rao, OS & DG (PC &SI)
39	Dr. U K Singh, OS & DG (LS)
40	Shri Sangam Sinha, OS & DG (R&M)
41	Shri A D Rane OS & DG (BrahMos)
42	Shri Purusottam Bej, OS & Director, DFMM
43	Shri Vedveer Arya, Addl FA & JS
44	Dr. Ravindra Singh, Dir. DPARO&M
45	Dr. Sumit Goswami, Dir. DP&C
46	Shri Surendra Prasad Yadav, JS(NS)
47	Shri E R Sheikh, DG, DOO (C&S)
48	Shri Vijay Mittal, DDG
49	Shri N I Laskar, DDG
50	Shri Sanjeev Kishore, CMD (AVNL)
51	Shri Rajeev Puri, CMD (YIL)
52	Shri Sanjeev Kumar, CMD (IOL)
53	Shri Ravi Kant, CMD (MIL)
54	Shri Rajesh Choudhary, CMD (AWEIL)
55	Shri S. K. Sinha, CMD (TCL)
56	Shri V. K. Tiwari, CMD (GIL)

2. As the Chairperson of the Committee was not able to attend the Sitting, Lt. Gen Dr. D P Vats (Retd.) was chosen as the Acting Chairperson for the Sitting by the Members of the Committee present during the Sitting under the Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Acting Chairperson then welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the

Ministry of Defence. The Chairperson welcomed them to the Sitting of the Standing Committee on Defence and requested them to brief the Committee on various issues included in the agenda for the day and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

4. The Vice Chief of Army Staff commenced the briefing by giving an overview on Army to the Committee and thereafter, a Power Point presentation was made. This was followed by detailed deliberations on following issues:

- i. Budgetary allocation to Army;
- ii. Efforts being made towards indigenisation by Indian Army
- iii. Requirements for drones and soldiers
- iv. Shortage of Manpower
- v. Low Capital Allocation
- vi. Female Cadets in NDA
- vii. Need large allocation
- viii. Contactless war
- ix. Indigenisation of Bullet Proof Jackets

5. Thereafter, a Power Point presentation was made by the representatives of Military Engineer Services (MES) covering the following issues:

- i. Under utilization of Revenue and Capital budget due to Covid-19
- ii. New Defence works procedure has been started from 1 April 2021
- iii. Special electricity slab for the Armed Forces
- iv. Implementation of green building norms in all the Defence Projects.
- v. Issues related to environment clearance
- vi. Need of high-end consultants for the big projects
- vii. Use of solar energy.

6. The Chairperson then invited representatives of Directorate General of Quality Assurance (DGQA). The representatives of DGQA commenced their briefing through a Power Point presentation which was followed by discussion on following issues:

- i. Investigation of defects and remedial measures
- ii. Dip in inspection of Stores due to Corona
- iii. Un utilization in Capital Expenditure
- iv. Private Industry partnership
- v. Utilization of proof ranges by private industry
- vi. Use of digital means to cut down processing time.
- vii. Technical Training programme of DGQA personnel
- viii. Self Certification and Fit to Military Use certificates

7. Thereafter, the Chairperson invited representatives of the National Cadet Corps (NCC). They made a Power Point presentation before the Committee which was followed by discussion on following issues:

- i. Simulator based training to NCC cadets especially
- ii. Waiting list of institutions
- iii. Expansion of NCC in schools, colleges and in Coastal and Border Areas
- iv. Employment opportunities of NCC cadets in private Industries
- v. Preference to NCC Cadets in various schemes of state governments
- vi. Implementation of Self Financing Scheme(SFS) in schools and colleges
- vii. Issues related to recruitment of permanent Trainers
- viii. Issues related to low selection rate of NCC cadets as officers in Armed Forces.

8. The representatives of the Sainik Schools were invited next by the Chairperson. The representatives of the Sainik Schools commenced their briefing through a Power Point presentation which was followed by discussion on following issues:

- i. Introduction of girls Cadets in Sainik Schools
- ii. Opening of 100 new schools in partnership with private sector
- iii. Dedicated user-friendly web portal created for registration of Sainik Schools
- iv. Irregular supply of funds by the state Governments
- v. Need for additional funds for improvement of infrastructure in Sainik Schools
- vi. Shortage of quality staff in Sainik Schools

9. Subsequent to a briefing by the Vice Chief of the Air Staff regarding overview on modernization plan of Indian Air Force (IAF), a Power Point presentation was made. This was followed by detailed deliberations on following issues:

- i. Mismatch in Projected and allocated budget
- ii. Accidents of MiG-21
- iii. Medical facilities to the injured trainee pilots after the accident
- iv. Modernisation of Air Force
- v. Gestation period LCA
- vi. Very severe Shortage of Trainer Aircraft
- vii. Authorized strength of Squadron
- viii. Infrastructure issue in North Eastern States
- ix. Dependency on HAL and BEL for maintenance and repair of different type of Aircraft.

10. Then, a Power Point presentation was made on Defence Research and Development which was followed by discussion on the following points:

- i. Export of Brahmos Missiles to Phillipines
- ii. Coordination and technology transfer to private industries
- iii. Use of test facilities of DRDO by Private Industry.
- iv. Projects developed by DRDO with Academic Institutes and their funding
- v. Opening of 10 Centre of Excellence Institute
- vi. Ballistic Missile Defence (BMD) programme
- vii. Indigenisation of products by DRDO
- viii. Shortage of Scientists in DRDO

11. Thereafter, a Power Point presentation was made by the representatives of the Ordnance Factory Board (OFB), which was followed by discussion on the following points:

- i. Corporatization of Ordnance Factories
- ii. Order Book position of new DPSUs
- iii. Issue related to Employees of new DPSUS

- iv. Research and Development activities in new DPSUs
- v. Indigenisation programmes of new DPSUs
- vi. Steps taken by DPSUs for Export of their products
- vii. Issues related Challenges faced by all new DPSUs after corporatization
- viii. Future planning by new DPSUs

12. The Chairperson directed the representatives of the Ministry to furnish written replies/information on the points raised by the Members at the earliest.

The witnesses then withdrew

The Committee then adjourned.

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

STANDING COMMITTEE ON DEFENCE (2021-22)

**MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2021-22)**

The Committee sat on Friday, the 18 February, 2022 from 1100 hrs. to 1345 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Lt. Gen. Dr. D. P. Vats (Retd.) - **IN CHAIR**

MEMBERS

LOK SABHA

2. Kunwar Danish Ali
3. Shri Annasaheb Shankar Jolle
4. Shri Pratap Simha
5. Shri Brijendra Singh
6. Shri Mahabali Singh

RAJYA SABHA

7. Dr. Ashok Bajpai
8. Shri Prem Chand Gupta
9. Shri Sharad Pawar
10. Shri Kamakhya Prasad Tasa

SECRETARIAT

1. Shri M K Madhusudan - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

LIST OF WITNESSES

MINISTRY OF DEFENCE

Sl. No.	Name & Designation
1	Dr. Ajay Kumar, Defence Secretary
2	Shri B Anand, Secretary, ESW
3	Lt Gen Anil Puri, Addl Secy, DMA
4	Lt Gen Harsha Gupta, AG
5	Lt Gen Rakesh Kapoor, DGCD
6	Smt Nivedita Shukla Verma, Addl Secy
7	Shri Sanjiv Mittal, FADS
8	Maj Gen Sandeep Jain, ADG CD(A)
9	Maj Gen Raju Singh, DGMAP
10	Lt Gen SS Mishra, QMG
11	Lt Gen Adosh Kumar, DG LW&E
12	Shri Rajesh Sharma, Addl. FA(RS)&JS
13	VAdm SN Ghormade, VCNS
14	Shri Pankaj Agarwal, DG(Acq)
15	Shri Sanjay Jaju, Addl Secy(DP)
16	Air Mshl N Tiwari, DCAS
17	Lt Gen Atulya Solankey, DCIDS(PP&FD)
18	DG VS Pathania, DGICG
19	Smt Dipti Mohil Chawla, JS&AM(LS)
20	Shri Dinesh Kumar, JS&AM(MS)
21	Shri Sanjai Singh, JS&AM(Air)
22	Shri Chandraker Bharti, JS(Aero & DOMW)
23	RAdm R Sreenivas, ADG AT (M&S)
24	Maj Gen PK Saini, ADG AT (Army)
25	Dr. Pudi Hari Prasad, JS(ESW)
26	VAdm Dinesh K Tripathi, COP, Navy HQ
27	RAdm Arjun Dev Nair, ACOP(AC)
28	Maj Gen N R Indurkar, MD ECHS

29	Maj Gen Sharad Kapoor, DG(Resettlement)
30	Shri Rajnish Kumar, CGDA, New Delhi
31	Shri Praveen Kumar, Addl CGDA, New Delhi
32	Shri Himanshu Tripathi, DCDA(P), Prayagraj
33	Lt Gen Manoj Pande, VCOAS
34	Lt Gen SK Sharma, DCOAS(Strat)
35	Maj Gen Atul Rawat, Offg DG SP
36	Lt Gen Samir Gupta, DGFP
37	Maj Gen H Dharmarajan, ADG, FP
38	Maj Gen VK Sharma, ADG Proc(A)
39	Maj Gen K Narayanan, JS(Army & TA)
40	Shri R K Karna, Addl. FA & JS

2. As the Chairperson of the Committee was not able to attend the Sitting, Lt. Gen Dr. D P Vats (Retd.) was appointed as the Acting Chairperson for the Sitting, by the Members of the Committee present during the Sitting, citing Rule No. 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha on Parliamentary Committees.

3. The Acting Chairperson then welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the Ministry of Defence. The Chairperson welcomed them to the Sitting of the Standing Committee on Defence and requested them to brief the Committee on various issues included in the agenda for the day and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

4. The representatives of the Ministry of Defence then gave a Power Point Presentation on Married Accommodation Project (MAP). This was followed by a detailed discussion on the subject and during deliberations following issues were discussed:

- i Budgetary provisions for MAP.
- ii Status of construction of Dwelling Units under Phase II and Phase III of MAP.

- iii Completion of Phase III of MAP through Annual Major Works Programme (AMWP).
- iv Proposal for increasing dwelling units under MAP in Kashmir Valley.
- v Accommodation for female officers in the Defence Forces.

5. Thereafter, the representatives of the Ministry of Defence commenced their briefing through a Power Point presentation on Defence Procurement Policy. This was followed by extensive discussion on following points:

- i Emphasis on Indigenisation of the Defence equipment and self reliance in Defence.
- ii Reduction in the time - line of the Procurement cycle from 5 years to 2-3 years.
- iii Decrease in the procurement of defence equipment from foreign industries and promotion of domestic industries.
- iv Revision of the Defence Acquisition Procedure.
- v Inclusion of more private industries under DAP 2020.

6. Next, a Power Point Presentation was made by the representatives of the Department of Ex-Servicemen Welfare. This was followed by detailed deliberations on following issues:

- i. Budgetary grants for the Department of Welfare of Ex-Servicemen;
- ii. Status of pending bills of the private empanelled hospitals with the Department of Ex-Servicemen Welfare under Contributory Health Scheme (ECHS);
- iii. Placement opportunities and the process of resettlement for Ex-Servicemen.
- iv. Filling up of vacancies in Group B and Group C Non-Gazetted posts which are reserved for Ex-Servicemen;
- v. Lack of uniformity in the States/UTs regarding ex-gratia monetary benefits/compensation to the martyrs in the country;
- vi. Exemption to serving defence personnel from payment of toll tax at various toll plazas in the country.

7. Subsequently, a Power Point Presentation was made by the representatives of the Ex-Servicemen Contributory Health Scheme (ECHS) under Ministry of Defence, which was followed by discussion on following issues:

- i. Budgetary grants and the utilization of funds under Ex-Servicemen Contributory Health Scheme (ECHS);
- ii. Provision for opening up of the services of the Armed Forces Hospitals to ECHS beneficiaries who are in need of urgent medical care;
- iii. Filling up the vacancies for the position of OIC, ECHS Polyclinics with the available Ex-Servicemen AMC/General Duty Medical Officer (GDMO);
- iv. Denial of services by the private empanelled hospitals to the ECHS beneficiaries.

8. Thereafter, a Power Point Presentation on Ministry of Defence-Pension was made by representatives of Ministry of Defence. This was followed by extensive discussion on the following issues:

- i. Various components of the Defence Pension;
- ii. Implementation of SPARSH for defence pensioners;
- iii. Issues related with One Rank One Pension (OROP);
- iv. Redressal of grievances through online portal CPGRAMS-6 AND CPGRAMS-7;
- v. Issues related with Military Service Pay.
- vi. Issues relating to disabled cadets who are boarded out of Defence academics.

9. The Chairperson thanked the Defence Secretary, General Officers and other Officers for extensive discussion and directed the representatives of the Ministry of Defence and other organizations to furnish written replies to all the queries at the earliest.

The witnesses then withdrew.

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

The Committee then adjourned.

STANDING COMMITTEE ON DEFENCE (2021-22)

**MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2021-22)**

The Committee sat on Monday, the 14 March, 2022 from 1500 hrs. to 1515 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

PRESENT

Lt. Gen. Dr. D. P. Vats (Retd.)

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Acting Chairperson

MEMBERS

LOK SABHA

2. Kunwar Danish Ali
3. Shri Nitesh Ganga Deb
4. Shri Rahul Gandhi
5. Shri D.V. Sadananda Gowda
6. Shri Rattan Lal Kataria
7. Shri Sridhar Kotagiri
8. Smt. (Dr.) Rajashree Mallick
9. Shri Uttam Kumar Reddy Nalamada
10. Shri Jugal Kishore Sharma
11. Dr. Shrikant Eknath Shinde
12. Shri Prathap Simha
13. Shri Brijendra Singh
14. Shri Durga Das Uikey

Rajya Sabha

15. Dr. Ashok Bajpai
16. Shri Prem Chand Gupta
17. Shri Venkataramana Rao Mopidevi
18. Shri V. Lakshmikantha Rao
19. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Shri M.K. Madhusudan - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

2. At the outset, the Joint Secretary informed the Committee that Hon'ble Chairperson would not be able to attend the Sitting for consideration and adoption of the draft Reports on Demands for Grants of the Ministry of Defence for the year 2022-23. He further stated that as per Rule 258, if the Chairperson is absent from any sitting, the Committee shall choose another Member to act as Chairperson for the sitting. In this connection, the Members requested Lt. Gen. (Dr.) D. P. Vats (Retd.) to Chair the Sitting.

3. Thereafter, the Acting 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 2022-23 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen and Defence Pensions(Demand Nos. 19 and 22)';**
- (ii) **Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)';**
- (iii) **Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 21)'; and**
- (iv) **Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Directorate of Ordnance (Coordination & Services)-New DPSUs, Defence Research and Development Organisation, Directorate General of Quality Assurance and National Cadet Corps (Demand Nos. 20 and 21)'.**

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

The Committee then adjourned.
