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

**(SEVENTEENTH LOK SABHA)**

**MINISTRY OF DEFENCE**

**[Action Taken by the Government on the Observations/Recommendations contained in the Twenty-Second Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2021-22 on Ordnance Factories, Defence Research and Development Organisation (DRDO), Directorate General of Quality Assurance (DGQA) and National Cadet Corps (NCC) (Demand No. 20)']**

**THIRTIETH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August, 2022/ Sravana, 1944 (Saka)**

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*Presented to Lok Sabha on 04.08.2022*

*Laid in Rajya Sabha on 04.08.2022*



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August, 2022/ Sravana, 1944 (Saka)**

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## COMPOSITION OF STANDING COMMITTEE ON DEFENCE (2021-22)

**SHRI JUAL ORAM**

-

**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	<i>Vacant*</i>

### **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 Kamakhya Prasad Tasa
28	Dr. Sudhanshu Trivedi
29	Lt. Gen. (Dr.) D.P. Vats (Retd.)
30	Shri K.C. Venugopal
31	<i>Vacant**</i>

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\* 1 seat vacant in Lok Sabha.

\*\* Shri V. Lakshmikantha Rao ceased to be Member, Rajya Sabha due to retirement on 21/06/2022.

## SECRETARIAT

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

## INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2021-22), having been authorized by the Committee, present this Thirtieth Report of the Committee on 'Action Taken by the Government on the Observations/Recommendations contained in the Twenty-Second Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2021-22 on Ordnance Factories, Defence Research and Development Organisation(DRDO), Directorate General of Quality Assurance(DGQA) and National Cadet Corps(NCC) (Demand No. 20)'.

2. The Twenty-Second Report (17<sup>th</sup> Lok Sabha) was presented to the Lok Sabha and laid in Rajya Sabha on 16 March 2021. The Report contained 46 Observations/Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in October 2021.

3. The Report was adopted at the Sitting held on 22 July 2022.

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

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the Twenty-Second Report (17<sup>th</sup> Lok Sabha) of the Standing Committee on Defence is given in Appendix II.

**New Delhi;  
01 August, 2022  
10 Sravana, 1944 (Saka)**

**JUAL ORAM  
Chairperson  
Standing Committee on Defence**

## **CHAPTER – I**

### **REPORT**

This Report of the Standing Committee on Defence deals with Action Taken by the Government on the observations/recommendations contained in the Twenty-Second Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2021-22 on Ordnance Factories, Defence Research and Development Organisation (DRDO), Directorate General of Quality Assurance (DGQA) and National Cadet Corps (NCC) (Demand No. 20)', which was presented to Lok Sabha and laid in Rajya Sabha on 16 March, 2021.

2. The Twenty-Second Report (17<sup>th</sup> Lok Sabha) of the Committee contained 46 observations/ recommendations on the following aspects:-

<b>Para No.</b>	<b>Subject</b>
<b>ORDNANCE FACTORIES</b>	
1	Budgetary Provisions
2	Order Book Position
3	Budget for Modernisation
4	Corporatization of the Ordnance Factory Board
5	Manpower
6	Quality Control
7	Delay in Product Delivery
8	Export and Import of Ordnance Factories Products
<b>DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION</b>	
9-14	Budgetary Provisions
15-17	Manpower
18	Public Private Partnership
19-20	Indigenisation of Research and Development Activities
21-22	Nuclear, Biological and Chemical(NBC) Weapons Detection System
25	Role of DRDO During Covid-19 Pandemic
<b>DIRECTORATE GENERAL QUALITY ASSURANCE</b>	
26-27	Budget
28-30	Manpower and Training
31-32	Quality Check
33-34	Use of DGQA facilities by Private Sector
<b>NATIONAL CADET CORPS</b>	
35-36	Budget
37-38	Training and Jobs in Armed Forces for NCC Cadets
39-41	Expansion of NCC in Schools and Colleges
42-43	Fully Self Finance Scheme (FSFS)
44-46	Skill Development

3. Action Taken Replies have been received from the Government in respect of all the 46 observations/recommendations contained in the Report. The replies have been examined and categorized as follows:-

**(i) Observations/Recommendations which have been accepted by the Government(Chapter II):**

**Para Nos.1,2,3,4,5,6,7,8,9,11,12,13,14,15,16,17,18,19,20,21,22,23,  
24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,  
43,44,45 & 46**

**(Total - 45)**

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

**Para Nos. -Nil-**

**(Total - Nil)**

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

**Para Nos. 10**

**(Total - 01)**

**(iv) Observations/recommendations in respect of which final replies of the Government are still awaited(V):**

**Para Nos. -Nil-**

**(Total - Nil)**

4. The Committee desire that the Action Taken Notes in respect of comments contained in Chapter I should be furnished to them at the earliest.

5. The Committee will now deal with the action taken by the Government on some of the recommendation /observations made in the Twenty-second Report in the succeeding Paragraphs.



## ORDNANCE FACTORIES

### **A. Export and Import of Ordnance Factories products**

#### **Recommendations (Para No. 8)**

6. The Committee had, in their Twenty-Second Report recommended:

During deliberations on DFG 2021-22, the Committee were pleased to find that OFB is diversifying its product portfolio range and expanding its base in the international market as well as domestic civil sector. In domestic civil sector, new Sporting Arms are being continuously developed and introduced in the civil market periodically, in exports also, OFB is exploring new areas/regions/countries to export products to the friendly countries. It was further explored that as of now, OFB is only able to materialize 1% of their sales from export which even given to conservative estimates is a very meagre figure. The Committee feel that for sustained growth and achieving target of export of Rs.30,000 crores by 2026, OFB needs to increase its export base. The Committee recommend that OFB will have to explore methodologies and products for ingress into international markets. For this, appointing sales personnel in different global zones and vigorously following latest market needs are essential. OFs in the country are a large network of production base and unless and until the humungous world market is optimally protruded, the capacity of OFs cannot be fully utilized. Last but not the least, every expert success has a hidden story in terms of very strong Research and Development base. All achievements become subservient in the absence of any advance R & D base. Therefore, as a priority OFB should give more than due emphasis on continued R & D.

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

OFB has started engagements with channel partners in foreign countries for boosting its exports. Indian Defence Attache' (DA) posted abroad and DAs of various countries posted in India are being contracted for assistance in boosting export. OFB has also started customization of products as per user requirements. OFB has also invited various delegations from OEM and Foreign Countries for technical discussions to explore export potential.

OFB is giving more and more emphasis on R&D activities to develop futuristic defence equipment/Weapon-platform. To achieve the objective, following actions/efforts have been initiated by OFB:

- MOU with CSIR: OFB has entered into an agreement with Council of Scientific & Industrial Research (CSIR).
- MoU with DPSUs: OFB has concluded MoU with BEL and BEML for cooperation on various projects to jointly address the requirements of Indian Defence & Export market. OFB has MoU with MIDHANI to jointly address the

requirements of critical and strategic material for Indian Defence Forces, Paramilitary Forces, Police organizations, civil and export market.

- Interaction with Academia: OFB is taking project specific technical/ research assistance in design and prototype development from premier Govt. Academic Institutions such as IITs/IISc/NITs and Govt. owned Laboratories such as Central Institutes of Plastic Engineering and Technology (CIPET).

8. The Committee place on record their appreciation of the various measures/steps taken by Ordnance Factories Board(OFB) for boosting its exports, which include amongst others exploring new markets through diplomatic channels. Besides OFB is also stated to be giving more emphasis on R&D to develop futuristic defence equipment / weapon platforms by entering into agreement with other DPSUs, Government academic institution viz. IITs/ NITs and also CSIR. The Committee express the hope that the efforts being made by OFB to explore new markets for boosting their exports including R&D efforts would fructify and enable OFB to achieve the export targets set by 2026.

## DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION

### B. Budget

#### Recommendation (Para no. 9)

9. The Committee find that during the Financial year 2021-22, the proposed BE allocation of DRDO was Rs. 23460.00 crore and the approved allocation is Rs. 20457.44 crore. There is a shortfall of Rs. 3002.56 crore. DRDO has pointed out that the insufficient left over amount is for R&D activities after meeting the mandatory expenses for strategic schemes and pay & allowances. The Department, as Committee understand, however, manages within the existing allocations by prioritizing project activities.

#### Reply of the Government

10. Details of FBE, Budget Allocations for the Deptt. of Defence R&D at different Budgetary stages w.e.f FY 2017-18 is as under.

(Rs. in cr)

Year	BE Proposed	BE Approved	RE Approved	MA Approved
2017-18	19935.60	14818.74	15463.25	15399.25
2018-19	22203.74	17861.19	17610.38	17121.99
2019-20	22953.95	19021.02	17730.78	17730.78
2020-21	23457.40	19327.35	16466.29	16145.74
2021-22	23460.00	20457.44	-	-

It may be noted that against the projection of Rs. 23460.00 crore at BE stage during the FY 2021-22 An amount of Rs 20457.44 crore was allocated. Department is managing within the allocations by re-prioritising the project activities. Further, additional funds would be required to support various projects to be undertaken in futuristic areas.

### **Comments of the Committee**

**11. The Committee in its original report had observed that there was a shortfall of Rs. 3002.56 crore in the approved allocation for Financial year 2021-22 for DRDO as against the proposed Budget Estimate(BE) allocation. The Ministry in its reply have stated that the department is managing within the allocated funds by re-prioritization of project activities. However, it has been stated that additional funds would be required to support various projects to be undertaken in futuristic areas. The Committee feel that since role of DRDO has assumed greater significance in the area of development of futuristic technologies that are required for defence preparedness, it should be ensured that the budgetary requirements of DRDO are fully met and, if required, even additional funds may be provided to DRDO for their ongoing and future projects.**

### **Recommendation (Para No. 10)**

12. During the course of examination of Demands for Grants 2021-22, the Committee find that in 2020-21, the approved BE allocation for DRDO was Rs. 19,327.35 crore while the approved RE allocation was Rs. 16,466.29 crore. The Committee note that the RE allocation is lesser than the BE allocation by Rs. 2,861.06 crore.

### **Reply of the Government**

13. Yes, it is a fact that BE approved for DD R&D during the FY 2020-21 was Rs. 19327.35 crore and the same was reduced to Rs 16466.29 crore at RE stage. Thus overall reduction of Rs 2861.06 crore has been made. This includes a reduction of Rs. 2575.00 crore under Capital Head based on the expenditure trend during the Financial Year.

## **Comments of the Committee**

14. From the reply furnished by the Ministry, the Committee note that no plausible explanation has been given for the reduction of budget allocation at Revised Estimate(RE) stage for DRDO except the fact that the reduction under Capital Head was based on the expenditure trend during the Financial Year. The Committee feel that such a huge gap between the BE and RE allocation shows either an inaccurate estimation of actual requirements on the part of DRDO or less allocation on the part of the Government ignoring the actual demand of DRDO. The Committee would like to emphasise that as far as possible correct and realistic estimation of the actual budgetary requirements of the organisation should be made so as to obviate the scope for reduction at RE Stage. Notwithstanding this the Committee desire that sufficient funds should be allocated to DRDO keeping in view the various projects undertaken by it in futuristic areas.

### **D. Manpower**

#### **Recommendations (Para Nos. 15 and 16)**

15. The Committee were apprised that presently authorized strength of scientists in DRDO is 7773 while existing strength is 6959. It shows that there is 10% shortage in scientist in DRDO. The Committee note that the shortage of manpower can prove to be a hindrance towards fructification of committed R&D projects. In its written reply, the Ministry of Defence has stated that the Government of India has sanctioned creation of 434 posts (420 Scientists and 14 works cadre posts) in phase-1 towards meeting immediate and unavoidable critical requirements of additional scientific and technical manpower against ongoing projects in DRDO out of the total manpower of 1316 which the Ministry of Finance had agreed for augmentation in three phases. The progress in this regard may be apprised to the Committee through the Action Taken Replies.

While appreciating the sanction of posts in phase-1 for augmentation of manpower in DRDO which the Committee feel can further bolster the capabilities of DRDO to meet its goals, the Committee recommend that all efforts be made to provide for the balance projected manpower requirement of 882 posts to DRDO on priority basis

## **Reply of the Government**

16. DRDO optimally utilizes manpower through dynamic manpower management. The vacant posts created on account of superannuation/resignations etc are released regularly on annual basis after considering the functional requirements of Labs/Estts of DRDO. Out of 814 existing vacant posts of scientists, 753 posts, which include 280 newly created posts, are under process of requirement. The recruitment process of remaining 140 newly created posts shall be initiated in the third phase, in the recruitment year 2022.

Govt. sanction for augmentation of 434 posts out of total posts in the first phase has been issued and in respect of two posts of the level of JS and above, proposal for approval of Cabinet for creation has been initiated. After the completion of recruitment process of posts sanctioned in the first phase, proposal for creation of remaining 880 posts out of 1316 posts shall be taken up in two phases on priority.

## **Comments of the Committee**

17. The Committee note from the reply that dynamic manpower management system is being adopted for optimal utilization of manpower by DRDO and the process of recruitment is going on. The Committee trust that after completion of requirements process of 434 posts in the first phase, creation of remaining 880 posts out of 1316 posts would be completed at the earliest so that R&D work of the DRDO is not affected.

### **E. Manpower**

#### **Recommendation (Para No. 17)**

18. During the oral evidence, the Committee were apprised that the Performance Related Incentive Scheme on the lines as it exists in ISRO and DAE has not been implemented in DRDO. The Committee, therefore, recommend that organizational and group incentives may be extended to scientists of DRDO keeping in view the fact that DRDO is involved in extremely critical research work and also bringing out products that are extremely vital not only for the security of the country but also for the development of defence manufacturing in the country.

## **Reply of the Government**

19. Performance Related Incentive Scheme (PRIS), was introduced based on recommendation of 6<sup>th</sup> CPC to be applied at Organisation (PRIS (O)), Group/Team (PRIS (G)) and Individual levels. The 6<sup>th</sup> CPC had further recommended that funding for this incentive scheme would need to be generated internally by the department through cost and efficiency improvements, productivity increases etc. However, in the case of

Department of Space (DoS) and Department of Atomic Energy (DAE), the 6<sup>th</sup> CPC recommended grant of PRIS without linking to savings.

Regarding incentives at individual level, based on a combined proposal by the three strategic scientific departments, viz, DoS, DAE and DRDO, a scheme of variable increments on promotions based on meritorious performance, was implemented w.e.f. 01 Jan, 2009, in the three departments.

A scheme for grant of PRIS (O) and PRIS (G) in DRDO was approved in Nov, 2011 (for a period of two years) but could never get implemented as the same differed from that implemented in DAE/DOS on the following two counts exclusively for DRDO:-

- (a) Payment of PRIS was to be linked to savings by the Department.
- (b) The quantum of incentive was to be decided on the basis of assessment of performance against targets set in the Results Framework Document (RFD) of the Department.

To implement PRIS (O) in DRDO, a proposal showing savings from Establishment Heads to the tune of Rs. 150 Cr was submitted by DRDO in Aug, 2012. Department of Expenditure, however, rejected the savings shown by DRDO stating it to be notional and not related to any improvement in performance. DRDO also participated in the Assessment based on Results Framework Document (RFD) and achieved very high scores every year.

The 7<sup>th</sup> CPC in its report recommended continuation of PRIS (O) and PRIS (G) to DoS and DAE. The Commission did not recommend PRIS to DRDO stating that DRDO has a system of variable increments that is similar to PRIS (Individual). This rationale offered by the Commission is discriminatory in view of the fact that both DoS and DAE have the same system of variable increments as in the case of DRDO.

Meanwhile, pursuant to the recommendation No. 61 of the Committee of Experts to Recommend Measures to Enhance Combat Capability and Rebalance Defence Expenditure of the Armed Forces (Shekatkar Committee), approval of the Hon'ble RM was obtained to take up a case separately for implementation of PRIS (Organisational) and PRIS (G) in DRDO on the same lines as in DOS and DAE is being initiated.

### **Comments of the Committee**

**20. The Committee are satisfied to note that approval of the Hon'ble Raksha Mantri has been obtained for taking up separately the case for implementation of PRIS (Organisational) and PRIS(G) in DRDO on the same lines as in DOS and DAE. The Committee express the hope that the efforts of the Ministry in this regards would bear fruits and implementation of the Performance Related Incentive Scheme (PRIS) in DRDO will soon see the light of the day.**

## **F. Nuclear, Biological and Chemical (NBC) Weapons Detection System**

### **Recommendation (Para No. 22)**

21. The Committee would like to recommend that sufficient budgetary allocations should be provisioned for R&D efforts of DRDO in the field of Nuclear, Biological and Chemical (NBC) warfare.

### **Reply of the Government**

22. Sufficient budgetary allocation is essential for continuity in R&D efforts for development of state-of-the-art technologies and products to make country self reliant in the field of NBC warfare.

### **Comments of the Committee**

23. The Committee are of the view that since all kind of wars in future may be fought using NBC weapon systems, the Committee therefore, reiterate that adequate budgetary provision need to be earmarked for R&D efforts of DRDO in the field of NBC warfare.

## **G. Collaboration with Universities/Academic Institutions**

### **Recommendation (Para No. 24 )**

24. The Committee are pleased to note that DRDO has established eight Centres of Excellence in advanced areas viz., Center of Propulsion Technology at IIT Bombay (CoPT), Joint Advanced Technology Center at IIT Delhi (JATC), Jagdish Chandra Boss Center for Advanced Technology (JCBCAT) at Jadavpur University, Kolkata, Research Innovation Center (RIC) IIT Madras, Advanced Center for Research in High Energy Materials (ACRHEM), University of Hyderabad and DRDOBU Center of Life Sciences at Bharathia University and two newly established i.e. North East Science & Technology Centre (NESTC), Mizoram University, Aizwal, Kalam Centre for Science & Technology (KCST), Central University of Jammu, Kathua (UT of J&K). The Committee would like to witness a scenario that more such centres be established in the future and fruitful research efforts be used for the benefit of Defence Services and the country. It is also appreciable that DRDO has started scholarship schemes, financial support to organize conferences/seminars/workshops in niche areas of technology of interest to DRDO at various academic institutions.

## **Reply of the Government**

25. In February 2021 DRDO has signed MOU with IISc, Bangalore for expanding the scope & objective of Joint Advanced Technology Program- Centre of Excellence (JATP-COE) at IISc, Bangalore. Under Atamanirbhar Bharat Program, four workshops and eight seminars will be conducted and appropriate financial support will be provided.

## **Comments of the Committee**

26. The Committee place on record their appreciation that DRDO has signed MOU with IISc., Bangalore for expanding the Joint Advanced Programme - Centre of Excellence. They trust that DRDO would establish many more centers of excellence in future to augment their R&D efforts, which would contribute to development of new technologies in the field of Defence Sector.

## **DIRECTORATE GENERAL QUALITY ASSURANCE**

### **H. Manpower and Training**

#### **Recommendation (Para No. 29)**

27. During the oral evidence, it was submitted that the role of the technical manpower was expanding and their role was also assuming greater importance thus enhancing their requirement. The Committee were apprised that an increment of about 20 percent was required in technical manpower by DGQA. The Committee are happy to note that a Review Committee under the Ministry of Defence has already been formed which is reviewing and studying the technical manpower requirement of DGQA. The Committee hope that this Committee of the Ministry of Defence would rationalize the requirements and will help to augment the technical manpower of DGQA. The Committee recommend that all efforts may be made to fill up the vacancies in DGQA at an early date and end the 20 percent shortage of technical manpower in the Organization. The Committee also recommend that the report of the Review Committee of the Ministry of Defence may be shared with the Committee while furnishing the Action Taken Replies.

## **Reply of the Government**

28. DGQA Technical Manpower is the main pillar of DGQA Organisation to sustain and provide a boost to the ongoing various technical activities. Shortages/deficiencies beyond minimum inescapable requirement on this account are likely to have a bearing on overall performance of the system. The recommendation of Committee to increase



technical manpower of DGQA by 20% has been intimated to NPC Team constituted by MOD / DDP for restructuring of DGQA. The Committee has been asked to study and rationalize the requirements to augment the technical manpower, keeping in view the future programmes and anticipated gradual increase in the assigned responsibilities of DGQA.

#### **Comments of the Committee**

**29. The Committee are satisfied to note that the work relating to increase of DGQA technical manpower has been entrusted to the National Productivity Council (NPC) Team constituted by MOD/DDP for restructuring DGQA. The Committee would like to be apprised of the programme made in this regard.**

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### ORDNANCE FACTORIES

##### **Budgetary Provisions**

##### **Recommendations (Para No. 1)**

The Committee had, in their Twenty-Second Report recommended as under:

The Committee was apprised that Ordnance Factories (OFs) are an integrated base for indigenous production of Defence equipment and ammunition and form the backbone of the country's Defence production. Reading through budgetary allocations for OFs, the Committee find that the projection in BE 2021-22 was Rs. 14,406.00 crore and the allocation is Rs. 13,657.11 crore. The estimated receipts/recoveries BE 2021-22 stage is worth an amount of Rs. 13,543.23 crore. The Committee were further apprised that the Funds are allocated for expenditure under various accounting heads to each Ordnance Factory under Ordnance Factory Board. The criteria for allocating funds include various parameters such as target of production and supplies, projections of factories, past trends and statutory obligation and planned investment on modernization etc. The Committee desire that absolute prudence and probity shall be exercised in allocation of funds to different factories under OFB.

The Ministry, in its Action Taken Reply, has stated as under:-

An institutionalized annual mechanism exists at Ordnance Factory Board Head Quarters level for detailed discussion with each factory and associated branch of Defence Account Offices to ascertain realistic allocation to various factories and Units based on a thorough/detailed analysis of the following factors:

- Status of outstanding and committed liabilities
- Production target of the Unit
- Status of ongoing projects
- Normal inflation
- Overall budget /fund availability and expenditure ceiling.

##### **Order Book Position**

##### **Recommendations (Para No. 2)**

The Committee had, in their Twenty-Second Report recommended as under:

On the issue of Order Book position in the Ordnance Factories, the Committee learn that OFB receives order in the form of Five Years Roll on Indent from Army for ammunition items to meet their war wastages as well as annual training requirement. In case of armoured vehicles, other stores and spares, fixed quantity indents are received from time to time. Considering all such indents, Order Book position as on 30.09.2020 was Rs. 51,939 crores for the next five years for supply of Ammunition, Weapons, Troops Comfort items and Armoured Vehicles. The Committee also note that the present annual capacity of OFB for supply of equipment to the three services is to the tune of Rs17,000 crore (including GST). In this connection, the Committee recommend that OFB look into all possibilities to expand their client list for achieving 100 percent capacity utilization.

The Ministry, in its Action Taken Reply, has stated as under:-

The Order Book Position of OFB as on 31.12.2020 is Rs 52,783.64 Cr excluding GST.

DDP is enabling OFB to diversify its product profile and new market exploration, by various policy decision and delegation of financial powers to OFB. To increase Research and Development activities in OFB, enhancement of Delegation of Power up to Rs 10 crore has been accorded in July, 2020 for placement of Contracts for Acquisition of Research Assistance (CARs) from the government academic institutions and government owned laboratories.

OFB is diversifying its product portfolio and expanding its base in the international market as well as domestic civil sector. OFB launched 0.32 Revolver "Nishank" (0.32 Calibre) along with Biometric Enabled Holster (Kavatch). A recently indigenously developed Sniper rifle was handed over to Assam Rifles. Other Para-Military forces have shown interest in recently developed Joint Venture Protective Carbine (JVPC, ex-OFB). Also an export order has been received from UAE, recently.

## **Budget for Modernization**

### **Recommendations (Para No. 3)**

The Committee had, in their Twenty-Second Report recommended as under:

The Committee were apprised that in Ordnance Factories modernization is a continuous process. To keep pace with the contemporary manufacturing technologies, OFB prepares a modernization plan for technological up-gradation as well as capacity enhancements. In the span of 5 years from 2015-16 to 2019-20, Rs. 5578.10 crore has been expended on various modernization work. After going through the data furnished to them, the Committee took note of numerous production activities completed/undertaken by OFs during last five years which include creation of capacity for the production of T-90 Tanks 100 Nos. per annum, creation of facilities for

production of Pinaka Rocket and many others. The Committee desire that OFB shall strive for imbibing best manufacturing techniques in production of goods so that Services get the latest State-of-the-Art equipment.

The Ministry, in its Action Taken Reply, has stated as under:-

Efforts are being made to bring the best manufacturing technologies to the country by means of allowing consortium of Indian vendors with foreign collaborators/technology partners. Provision for the same has already been made in the OFB Procurement Manual (OFBPM)-P&M-2013.

Overseas firms involved in the business of manufacturing of Plant & Machineries are generally technology specific. These firms are now coming forward through consortium agreement with indigenous firms which are taking over civil and other labour intensive works of the project, whereas the technology is being provided by the foreign firm. This has also facilitated in speedy execution of work. As a result of allowing consortium of Indian & Foreign vendors, many Indian vendors are coming forward to participate in advance technology Plant & Machineries by making consortium with foreign OEM. These in turn will improve supply of latest state-of-the-art-equipment to the Armed Forces in due course of time.

## **Corporatization of the Ordnance Factory Board**

### **Recommendations (Para No. 4)**

The Committee had, in their Twenty-Second Report recommended as under:

During oral evidence, the representative of the Ministry of Defence submitted that with a view to address constraints in the existing system to take care of various issues raised by the users in respect of quality, timely delivery, cost etc. and with the goal to help OFB grow to the next level of turnover, exports and self-reliance, the Government has decided to convert Ordnance Factory Board, into one or more than one 100% Government owned corporate entity(ies). Various Expert Committees set up in the past, such as TK Nair Committee (2000), Kelkar Committee (2005), Raman Puri Committee, (2015) and Shekatkar Committee (2016), have given recommendations to corporatize OFB. This move is expected to improve autonomy, accountability, and efficiency in Ordnance supplies. The Committee concur with the view of the Ministry on this issue and believe that with necessitated structural improvements, OFB will be able to further improve quality of products and expand their market. The Committee were further informed that the Department has appointed a Consultant to suggest Organizational structural changes and business continuity plan for the new entity (ies) to continue on a sustainable basis. The study by the Consultant is presently under progress. The Committee recommend that the details be shared with them and at the same time would like to say that Ministry should weigh all the pros and cons in favour of OFB before arriving at any finality on the findings of the Consultants.

The Ministry, in its Action Taken Reply, has stated as under:-

The Cabinet Committee on Security (CCS) in its meeting dated 29.07.2020 has accorded approval to convert Ordnance Factory Board (OFB), a subordinate office of Ministry of Defence, into one or more than one 100% Government owned corporate entities, registered under the Companies Act, 2013 and to constitute an Empowered Group of Ministers (EGoM) to oversee and guide the entire process including transition support and redeployment plan of employees while safeguarding their wages and retirement benefits.

The Department has engaged Consultants for providing strategic and implementation management consulting services to assist the Department in the process of corporatisation of the OFB, which has commenced its services w.e.f. 15.10.2020. The Consultant will provide the overall strategy, vision and operating model along with financial & legal implications and detailed roadmap for implementation. It will also support DDP in implementation of the corporatization process.

The Consultant have submitted the following reports till date:

- (i) Inception Report: Covering methodology & work plan.
- (ii) Baseline & benchmarking Report.
- (iii) Preliminary Feasibility and Organisational Strategy Report.
- (iv) Financing structure & legal issues report.

Empowered Group of Ministers under the Chairmanship of Hon'ble Raksha Mantri has been constituted. The first meeting of the EGoM was held on 07.12.2020 and the second meeting on 02.03.2021, in which various issues related to corporatization of OFB within the mandate of the EGoM were discussed. The findings of the Consultant were also brought before the EGoM. Further actions are being taken as per the approval of the EGoM.

## **Manpower**

### **Recommendations (Para No. 5)**

The Committee had, in their Twenty-Second Report recommended:

As regards, to the authorized and existing strength of manpower in all Ordnance Factories both technical and non-technical, the Committee find that as on January 2021, the total strength is 77,199 as against a sanctioning of 1,45,503 number of posts. On the issue of huge gap in strength, the representative of Ministry of Defence informed the Committee that considering the declaration of items as non-core and decline of orders from Indian Army, very limited recruitment of the vacant posts has been carried out, in recent years. Further, in view of the initiation of OFB corporatization process, fresh recruitment are not being undertaken presently. The Committee recommend that the essential processes and due-diligence shall be undertaken in time bound manner so that capabilities are not left unutilized for long.

The Ministry, in its Action Taken Reply has stated:-

The requirement has been reviewed and all direct recruitments, including for Group 'A' officers, has been put on hold for the time being. All essential processes and due-diligence are being undertaken by the Ministry in order to ensure fruitful utilization of resources and capabilities of OFB in order to meet the requirement of customers.

The new management after corporatization of OFB would be mandated to rationalise the manpower in a time bound manner.

## **Quality Control**

### **Recommendations (Para No. 6)**

The Committee had, in their Twenty-Second Report recommended as under:

It has come to the knowledge of the Committee that although hundred per cent Quality Control (QC) is done by Factories, non-conformities are still observed during Quality Assurance/Final Acceptance Inspection (FAI) resulting into high Return for Rectification (RFR). This high RFR is affecting overall productivity and resulting into delay in supplies to the users. On raising the issue with the representatives of OFB, the Committee were told that all the products developed and manufactured by Ordnance Factories are subjected to various Quality Checks. The Quality checks of products are being carried out at Ordnance Factories on the basis of Quality Assurance Plan (QAPJ/Acceptance Test Plan (ATP)/Quality Plan etc. These Quality documents have clear guidelines for all the checks to be carried out during the entire cycle of manufacturing of Defence Stores. The Committee wish that OFs shall strive to function on zero defect motto and they recommend that the enumerated guidelines shall also be practically implemented in processes of production. The accountability at all levels of workmanship shall be fixed in order to find fault-lines and take remedial action.

The Ministry, in its Action Taken Reply, has stated as under:-

All Ordnance Factories are making endeavor to upgrade quality systems with induction of modern technology, both in manufacturing as well as quality infrastructure. All Factories have been instructed to formulate Standard Operating Procedure (SOP) jointly between Quality Control/Factories & Quality Assurance Agencies (DGQA) on "Traceability and Accountability". Accountability is being fixed among production agencies as well as QA agencies for any fault-line defect / accident being reported in any ordnance factory.

## **Delay in product delivery**

### **Recommendations (Para No. 7)**

The Committee had, in their Twenty-Second Report recommended as under:

On the issue of Delay in supply of items produced by Ordnance Factories to the Forces, the Committee were guided that OFB supply the items to the Services based on mutually agreed targets fixed on yearly basis in consultation with Services. Supply is restricted within available budget with Services. The Committee take a serious note of the fact that delays not only affect the demands of Defence Forces but also lead to cost escalation thereby putting extra financial burden. Further, the Committee were updated on the measures being taken to overcome delays and install timely deliveries. In this connection, it was submitted by representatives of Ministry of Defence that OFB has institutionalized interaction mechanism with Indian Armed Forces. At apex level, Master General of Ordnance (MGO), is permanent invitee to the board meetings of OFB. There is structured interaction system at various levels. OFB also has annual target fixation meetings with Armed Forces. In these meetings and interactions, ascertainment of realistic time frames for manufacture of various products is discussed. MGO, being a permanent invitee for attending Board meetings of OFB, issues related to supplies, priorities and constraints are discussed at highest level periodically. Whenever some urgent requirement is highlighted by MGO, due priority is being accorded to meet that urgent need. The Committee wish that the above measures would be helpful in curbing inordinate delays and streamlining of demand supply activities.

The Ministry, in its Action Taken Reply, has stated as under:-

To resolve delay in supply issues, DDP is monitoring progress of OFB on a regular basis. At the apex level in DDP, Quarterly Production Review Meeting is being held with the Services. Interaction with MGO is done on regular basis at Joint Secretary Level, for early resolution of quality issues. At OFB level, monthly Apex level meeting is held, wherein MGO is permanent invitee and detailed discussions about problems faced by user are deliberated. With above interaction at DDP/OFB level, all out efforts are made to ensure that requirements of Army are met.

## **Export and Import of Ordnance Factories products**

### **Recommendations (Para No. 8)**

The Committee had, in their Twenty-Second Report recommended:

During deliberations on DFG 2021-22, the Committee were pleased to find that OFB is diversifying its product portfolio range and expanding its base in the international market as well as domestic civil sector. In domestic civil sector, new Sporting Arms are being continuously developed and introduced in the civil market periodically, in exports also, OFB is exploring new areas/regions/countries to export products to the friendly

countries. It was further explored that as of now, OFB is only able to materialize 1% of their sales from export which even given to conservative estimates is a very meagre figure. The Committee feel that for sustained growth and achieving target of export of Rs.30,000 crores by 2026, OFB needs to increase its export base. The Committee recommend that OFB will have to explore methodologies and products for ingress into international markets. For this, appointing sales personnel in different global zones and vigorously following latest market needs are essential. OFs in the country are a large network of production base and unless and until the humungous world market is optimally protruded, the capacity of OFs cannot be fully utilized. Last but not the least, every expert success has a hidden story in terms of very strong Research and Development base. All achievements become subservient in the absence of any advance R & D base. Therefore, as a priority OFB should give more than due emphasis on continued R & D.

The Ministry, in its Action Taken Reply, has stated as under:-

OFB has started engagements with channel partners in foreign countries for boosting its exports. Indian Defence Attache' (DA) posted abroad and DAs of various countries posted in India are being contracted for assistance in boosting export. OFB has also started customization of products as per user requirements. OFB has also invited various delegations from OEM and Foreign Countries for technical discussions to explore export potential.

OFB is giving more and more emphasis on R&D activities to develop futuristic defence equipment/Weapon-platform. To achieve the objective, following actions/efforts have been initiated by OFB:

- MOU with CSIR: OFB has entered into an agreement with Council of Scientific & Industrial Research (CSIR).
- MoU with DPSUs: OFB has concluded MoU with BEL and BEML for cooperation on various projects to jointly address the requirements of Indian Defence & Export market. OFB has MoU with MIDHANI to jointly address the requirements of critical and strategic material for Indian Defence Forces, Paramilitary Forces, Police organizations, civil and export market.
- Interaction with Academia: OFB is taking project specific technical/ research assistance in design and prototype development from premier Govt. Academic Institutions such as IITs/IISc/NITs and Govt. owned Laboratories such as Central Institutes of Plastic Engineering and Technology (CIPET).



## DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION

### Budget

#### Recommendation (Para no. 9)

The Committee find that during the financial year 2021-22, the proposed BE allocation of DRDO was Rs. 23460.00 crore and the approved allocation is Rs. 20457.44 crore. There is a shortfall of Rs. 3002.56 crore. DRDO has pointed out that the insufficient left over amount is for R&D activities after meeting the mandatory expenses for strategic schemes and pay & allowances. The Department, as Committee understand, however, manages within the existing allocations by prioritizing project activities.

#### Reply of the Government

Details of FBE, Budget Allocations for the Deptt. of Defence R&D at different Budgetary stages w.e.f FY 2017-18 is as under.

(Rs. in crore)

Year	BE Proposed	BE Approved	RE Approved	MA Approved
2017-18	19935.60	14818.74	15463.25	15399.25
2018-19	22203.74	17861.19	17610.38	17121.99
2019-20	22953.95	19021.02	17730.78	17730.78
2020-21	23457.40	19327.35	16466.29	16145.74
2021-22	23460.00	20457.44		

It may be noted that against the projection of Rs. 23460.00 crore at BE stage during the FY 2021-22 An amount of Rs 20457.44 crore was allocated. Department is managing within the allocations by re-prioritising the project activities. Further, additional funds would be required to support various projects to be undertaken in futuristic areas.

#### Recommendation (Para No. 11)

Further, in respect of the Budgetary grants, the Committee find a steady drop in DRDO expenditure as percentage of total GDP over past few years. The DRDO expenditure was 0.084% of the GDP in 2021-22 as compared to 0.088% in 2016-17.

#### Reply of the Government

Defence R&D Expenditure as percentage of GDP w.e.f. 2015-16 is as under:

(Rs. in crore)

Year	Total GDP	DD R&D Exp	DD R&D Exp as % of Total GDP
2016-17	15391669.00	13501.00	0.088
2017-18	17098304.00	15399.25	0.090
2018-19	18971237.00	17121.99	0.090
2019-20 (PE)	20339849.00	17730.78	0.087
2020-21 (AE)	19481975.00	16145.74	0.083

### **Recommendation (Para No. 12)**

The Committee note that expenditure which has remained around 1% of GDP expenditure incurred on Defence Research and Development in the country is substantially less as compared to other developed nations.

### **Reply of the Government**

Yes, as illustrated in table above (Recommendation No.11), it is a fact that DRDO expenditure is less than 1% of GDP.

### **Budgetary Provisions**

### **Recommendation (Para No. 13)**

The Committee were informed by the Ministry of Defence that the budget of DRDO has always been around 5-6% of the Defence Budget. Though DRDO has identified 108 systems for development by private industry which will not be taken up by DRDO, there are other flagship projects/ programmes for the design and development of major platforms, weapon systems and sensors of DRDO for which enhancement in fund allocations is desirable. The Committee, therefore, recommend provision of adequate enhanced allocations to DRDO to enable it to scale up its R&D activities especially keeping in view the focus of the Government on 'Make in India' towards building an 'Atmanirbhar Bharat'. The Committee are of the view that without sufficient budgetary support, DRDO may fail to fulfil the indigenisation efforts of the Government. To tap the export potential of the country development of R&D activities in the defence sector is mandatory which still in nascent stage. The Committee also would like to stress upon the need for enhancement of expenditure of DRDO as percentage of total GDP as well as increasing its percentage share of the total Defence Budget to enable it to take up its flagship projects/programmes for the design and development of weapon systems etc.

### **Reply of the Government**

In BE 2021-22, DRDO has been allocated an amount of Rs. 20,457.44 Crore (including both Revenue and Capital Heads) i.e. an increase of Rs. 3,991.15 Crore over RE 2020-21.

2. Since the launch of 'Make in India' in Sep. 2014, several measures have been taken by the Government to promote indigenous design, development and manufacture of defence & aerospace equipment in the country under 'Make in India' by harnessing the capabilities of the public and private sector.

3. It may be seen from the table below that Budget Estimates (BE) of DRDO has been increasing consistently in absolute terms from 2016-17 onwards.

**(Rs. in crore)**

<b>Year</b>	<b>Budget Estimates (BE)</b>
2016-17	13,593.78
2017-18	14,818.74
2018-19	17,861.19
2019-20	19,021.02
2020-21	19,327.35

4. It may not be always appropriate to consider DRDO's allocation in terms of national economic output. If the economy grows at a faster rate, budgetary allocation decreases as a percentage of GDP. But it doesn't mean that the level of expenditure has fallen, or has even become inadequate. Also, keeping a certain percentage for any particular service out of total defence budget may not be advisable as it may put unnecessary strain on genuine and pressing operational requirements of other Services. Funds are allocated to the Services/ Organisations based on pace of expenditure, Committed Liabilities, operational requirements, etc.

5. The Ministry is therefore of the view that keeping a particular percentage of GDP for Defence Expenditure or a certain percentage of total defence budget for any Service/ Organisation may not prove to be fruitful. Ministry of Defence is committed to extract the maximum value from each defence rupee, inter-alia, through rigorous prioritisation, restructuring of the defence forces, integration with defence production and focussing resources in areas likely to enhance the effectiveness of the defence forces.

#### **Recommendation (Para No. 14)**

The Committee also appreciate the proposal of DRDO to enhance the budget to support research in academia to 5% and feel that a proper channelization and correct utilization of these funds can be a great boost to research in Indian industries especially MSMEs/Start-ups for indigenisation of imported systems/components and building new systems. The Committee recommend that the provision of appropriate additional funding may be provisioned for in the revised allocations in this regard. The Committee, therefore, recommend that the Government may ensure adequate overall budgetary allocations to DRDO in the additional/supplementary grants stages.

#### **Reply of the Government**

In BE 2021-22, DRDO has been allocated an amount of Rs. 20,457.44 Crore (including both Revenue Head- Rs. 9,081.94 Crore and Capital Head-11,375.50 Crore) which is an increase of Rs. 3,991.15 Crore (i.e. 24.24%) over RE 2020-21.

2. The Committee may be assured that all efforts will be made to obtain additional funds projected by DRDO at Supplementary/RE stage. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

#### **Recommendation (Para No. 15)**

The Committee were apprised that presently authorized strength of scientists in DRDO is 7773 while existing strength is 6959. It shows that there is 10% shortage in scientist in DRDO. The Committee note that the shortage of manpower can prove to be a hindrance towards fructification of committed R&D projects. In its written reply, the Ministry of Defence has stated that the Government of India has sanctioned creation of 434 posts (420 Scientists and 14 works cadre posts) in phase-1 towards meeting immediate and unavoidable critical requirements of additional scientific and technical manpower against ongoing projects in DRDO out of the total manpower of 1316 which the Ministry of Finance had agreed for augmentation in three phases. The progress in this regard may be apprised to the Committee through the Action Taken Replies.

#### **Reply of the Government**

DRDO optimally utilizes manpower through dynamic manpower management. The vacant posts created on account of superannuation/resignations etc are released regularly on annual basis after considering the functional requirements of Labs/Estts. of DRDO. Out of 814 existing vacant posts of scientists, 753 posts, which include 280 newly created posts, are under process of requirement. The recruitment process of remaining 140 newly created posts shall be initiated in the third phase, in the recruitment year 2022.

#### **Recommendation (Para No. 16)**

While appreciating the sanction of posts in phase-1 for augmentation of manpower in DRDO which the Committee feel can further bolster the capabilities of DRDO to meet its goals, the Committee recommend that all efforts be made to provide for the balance projected manpower requirement of 882 posts to DRDO on priority basis.

#### **Reply of the Government**

Govt. sanction for augmentation of 434 posts out of total posts in the first phase has been issued and in respect of two posts of the level of JS and above, proposal for approval of Cabinet for creation has been initiated. After the completion of recruitment process of posts sanctioned in the first phase, proposal for creation of remaining 880 posts out of 1316 posts shall be taken up in two phases on priority.

### **Recommendation (Para No. 17)**

During the oral evidence, the Committee were apprised that the Performance Related Incentive Scheme on the lines as it exists in ISRO and DAE has not been implemented in DRDO. The Committee, therefore, recommend that organizational and group incentives may be extended to scientists of DRDO keeping in view the fact that DRDO is involved in extremely critical research work and also bringing out products that are extremely vital not only for the security of the country but also for the development of defence manufacturing in the country.

### **Reply of the Government**

1. Performance Related Incentive Scheme (PRIS), was introduced based on recommendation of 6<sup>th</sup> CPC to be applied at Organisation (PRIS (O)), Group/Team (PRIS (G)) and Individual levels. The 6<sup>th</sup> CPC had further recommended that funding for this incentive scheme would need to be generated internally by the department through cost and efficiency improvements, productivity increases etc. However, in the case of Department of Space (DoS) and Department of Atomic Energy (DAE), the 6<sup>th</sup> CPC recommended grant of PRIS without linking to savings.

2. Regarding incentives at individual level, based on a combined proposal by the three strategic scientific departments, viz, DoS, DAE and DRDO, a scheme of variable increments on promotions based on meritorious performance, was implemented w.e.f. 01 Jan, 2009, in the three departments.

3. A scheme for grant of PRIS (O) and PRIS (G) in DRDO was approved in Nov, 2011 (for a period of two years) but could never get implemented as the same differed from that implemented in DAE/DOS on the following two counts exclusively for DRDO:-

- (a) Payment of PRIS was to be linked to savings by the Department.
- (b) The quantum of incentive was to be decided on the basis of assessment of performance against targets set in the Results Framework Document (RFD) of the Department.

4. To implement PRIS (O) in DRDO, a proposal showing savings from Establishment Heads to the tune of Rs. 150 Cr was submitted by DRDO in Aug, 2012. Department of Expenditure, however, rejected the savings shown by DRDO stating it to be notional and not related to any improvement in performance. DRDO also participated in the Assessment based on Results Framework Document (RFD) and achieved very high scores every year.

5. The 7<sup>th</sup> CPC in its report recommended continuation of PRIS (O) and PRIS (G) to DoS and DAE. The Commission did not recommend PRIS to DRDO stating that DRDO has a system of variable increments that is similar to PRIS (Individual). This rationale

offered by the Commission is discriminatory in view of the fact that both DoS and DAE have the same system of variable increments as in the case of DRDO.

6. Meanwhile, pursuant to the recommendation No. 61 of the Committee of Experts to Recommend Measures to Enhance Combat Capability and Rebalance Defence Expenditure of the Armed Forces (Shekatkar Committee), approval of the Hon'ble RM was obtained to take up a case separately for implementation of PRIS (Organisational) and PRIS (G) in DRDO on the same lines as in DOS and DAE is being initiated.

## **Public Private Partnership**

### **Recommendation (Para No. 18)**

The Committee feel that the active involvement of private sector, Universities, Indian Institute of Technologies and Indian Institute of Science can play an important role in the process of modernization and re-orientation of the functions of DRDO. The Committee are happy to note that a conducive environment for better coordination between the Public Sector and Private Sector is created by DRDO and DRDO is passing on its research work to the benefit of the private sector without seeking any remuneration. The Committee recommend the fixation of some remittances in lieu of the Technology Transfer by DRDO to Private Industry which can then be used for augmenting the R&D efforts of the organization.

### **Reply of the Government**

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)} and zero royalty for supply to Indian Armed Forces and Govt Deptt. However, if the industry partner is not the DcPP/ DP, 5% ToT fee is charged 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 given to Industries by charging a nominal ToT fee based on 'what market can bear' concept.

The ToT fee so received from industries is deposited into Consolidated Fund of India through an eMRO. This is further utilized for various projects of Government of India.

DRDO has established Technology Development Fund (TDF) Scheme under Ministry of Defence (MoD) to involve Public and Private sector industry especially MSMEs including Start-ups that may work in collaboration with the academia or research institutions to carry out innovation, research and development in the field of Defence and Aerospace. Till now, Twenty-five (25) projects have been awarded under TDF scheme to various Indian MSMEs, Startups and large industries. The details are as follows:-

Sl. No.	Type of Industry	No. of Projects	Total cost of Projects (In Lakh)	Remarks
1.	MSMEs	17	7741.17	02 Projects to Public Sector and 15 Projects to Private Sector
2.	Large	04	3418.4	
3.	Start ups	04	2860.58	
	Total	25	14020.15	

Total grant paid to various Developing Agencies (DA) during the FY 2020-21 Rs 513.47806 (In Lakh) and planed grant to be paid to various Developing Agencies (DA) during FY 2021-22 Rs 5000.00 (In Lakh) under Technology Development (TDF) Scheme.

### **Indigenization of Research and Development activities**

#### **Recommendation (Para No. 19)**

The Committee note that steps have been taken by DRDO for better coordination with the armed forces to bring down the rejection rate as well as reduce the delay in supply of products. The Committee would like to reiterate that more stringent measures need to be taken by DRDO to ensure adherence to deliver timelines and minimize rejection rates of their products by the armed forces.

#### **Reply of the Government**

DRDO has coordinated with various stake holders including Services for inclusion of Chapter-IV in DAP-2020 on "Procedure for Acquisition of Systems Designed & Developed by DRDO / DPSUs / OFB". As a part of the procedure a JPMT (Consisting of Users, designers and certification agencies) will be constituted to review the project periodically. This will help in ensuring adherence to timelines as well as meeting the aspirations of the Users which will reduce the rejection rate of the equipment by the Armed Forces.

### **Recommendation (Para No. 20)**

The Committee appreciate that DRDO has managed to bring down the imports in missiles, radars, sonars, torpedo, electronic warfare systems, AWACs systems to almost negligible level due to their indigenization efforts. The Committee recommend that DRDO must make all efforts to develop a mechanism for regular and steady adoption of the ever developing state-of-art latest technologies to boost the indigenisation process.

### **Reply of the Government**

DRDO and Services have regular interactions to identify the future technologies and systems required by the Services.

### **Nuclear, Biological and Chemical (NBC) Weapons Detection System**

#### **Recommendation (Para No. 21)**

The Committee are aware of the ever increasing threat of nuclear, biological and chemical attacks in the current times. The Committee appreciate the R&D efforts of DRDO over the last two decades which has enabled the development of several products for NBC detection, protection, decontamination and medical management like Chemical Agent Monitor, Residual Vapour Detection (RVD), Water Poison towards high scientific developments in the field of NBC warfare capabilities by DRDO as it feels that the future warfares will be more and more NBC based.

### **Reply of the Government**

DRDO has successfully completed a CCS approved Programme on NBC Defence Technologies and developed following products:

- NBC permeable Suit Mark V-
- NBC respirator Mark II
- Chemical agent detector
- Decontaminants systems
- NBC inflatable shelter, NBC mobile shelter
- NBC unmanned surveillance vehicle
- NBC first aid kits and decontaminating agents
- NBC protected food and water packaging
- Other individual protective equipment ( over boots, gloves, canister etc)
- H1N1 detection kit

However, as the technology has been rapidly advancing and newer and better NBC equipments being available, it is imperative to continue the effort in NBC defence



R&D to enhance indigenization level and save valuable foreign exchange. Keeping this in view, DRDO has undertaken projects to design:

- i) Biological agent detector;
- ii) Standoff chemical detector
- iii) Standoff biological detector
- iv) Mobile Decontamination System Mk II
- v) Next Generation Protective Ensembles, to equip our Armed Forces with state-of-the-art technology and retain the technological edge.

### **Recommendation (Para No. 22)**

The Committee would like to recommend that sufficient budgetary allocations should be provisioned for R&D efforts of DRDO in the field of NBC warfare.

### **Reply of the Government**

Sufficient budgetary allocation is essential for continuity in R&D efforts for development of state-of-the-art technologies and products to make country self reliant in the field of NBC warfare.

### **Collaboration with Universities/Academic Institutions**

### **Recommendation (Para No. 23)**

The Committee have learnt that DRDO conducts many research programmes in collaboration with different universities/institutions. In this connection, they have been informed that 680 research projects costing 490 Crore were sponsored to various universities and academic institutions (100 nos. approx.) during 12<sup>th</sup> Plan. 579 research projects costing Rs. 689 Crore were sponsored in the 13<sup>th</sup> plan (2018 – till dated). This has accrued benefits to DRDO's research programmes. The Committee also note in this regard that universities and academic institutions are full of budding talent. Therefore, more such collaborations need to be encouraged with a view to advancing research in the country.

### **Reply of the Government**

The programmes running in collaboration with different universities/institutions are as follows:-

	<b>Name of centres</b>	<b>No of Projects</b>	<b>Cost (In Crores)</b>
12 <sup>th</sup> Plan	COPT	39	109.39
	JATC	23	157.82
	JCBCAT	06	36.90
	ACRHEM	30	113.27

13 <sup>th</sup> Plan	RIC	16	24.99
	JATC	15	53.99
	JCBCAT	18	19.60
	NESTC	03	2.01446
	COPT	01	2.68212
	KCST, Centre University of Jammu	06	5.3842

### **Recommendation (Para No. 24)**

The Committee are pleased to note that DRDO has established eight Centres of Excellence in advanced areas viz., Center of Propulsion Technology at IIT Bombay (CoPT), Joint Advanced Technology Center at IIT Delhi (JATC), Jagdish Chandra Boss Center for Advanced Technology (JCBCAT) at Jadavpur University, Kolkata, Research Innovation Center (RIC) IIT Madras, Advanced Center for Research in High Energy Materials (ACRHEM), University of Hyderabad and DRDOBU Center of Life Sciences at Bharathia University and two newly established i.e. North East Science & Technology Centre (NESTC), Mizoram University, Aizwal, Kalam Centre for Science & Technology (KCST), Central University of Jammy, Kathua (UT of J&K). The Committee would like to witness a scenario that more such centres be established in the future and fruitful research efforts be used for the benefit of Defence Services and the country. It is also appreciable that DRDO has started scholarship schemes, financial support to organize conferences/seminars/workshops in niche areas of technology of interest to DRDO at various academic institutions.

### **Reply of the Government**

In February 2021 DRDO has signed MOU with IISc, Bangalore for expanding the scope & objective of Joint Advanced Technology Program- Centre of Excellence (JATP-COE) at IISc, Bangalore.

Under Atamanirbhar Bharat Program, four workshops and eight seminars will be conducted and appropriate financial support will be provided.

### **Role of DRDO during Covid-19 Pandemic**

### **Recommendation (Para No. 25)**

The Committee are appreciative of the efforts made by DRDO at the time of 'COVID Crisis' during past one year. The concerted efforts made by DRDO to help the common man in providing Ventilators for Covid patients in hospitals, hand sanitizers and N99 masks, body suits for doctors, medical staff, sanitation workers, Para Military Forces and other Government Organisations, overall proved to be very helpful in fighting the pandemic.

## **Reply of the Government**

The Committee are appreciative of the efforts made by DRDO at the time of 'COVID Crisis' during past one year. The concerted efforts made by DRDO to help the common man in providing Ventilators for Covid patients in hospitals, Hand sanitizers and N99 Masks, body suit for doctors, medical staff, sanitation workers, Para Military Forces and other Government Organisations, overall proved to be very helpful in fighting the pandemic.

DRDO is committed to support the country in terms of providing products and technologies to fight against an unforeseen situation like COVID-19 pandemic and it will continue to contribute through its R&D in future also.

## **DIRECTORATE GENERAL QUALITY ASSURANCE**

### **Budget**

#### **Recommendation (Para No. 26)**

The Committee note that in BE 2021-22, a total budgetary projection made by DGQA is Rs. 1360.08 crore whereas the allocation is Rs. 1294.40 crore for both Revenue & Capital Heads. The projection under Revenue Head is Rs. 1340.08 crore and the allocation is Rs. 1274.40 crore which records a shortfall of Rs. 65.68 crore. In case of Capital Head, the allocation is Rs. 20.00 crore against a projection of Rs. 20.00 crore. Since the allocation for the Revenue Head is less than the projection, the Committee would like to know the reasons for the same.

#### **Reply of the Government**

The projections made by the Services/ Organisations, including DGQA, are forwarded to Ministry of Finance for favourable consideration. Based on ceilings received and taking into account the projected requirements of all the Services/ Organisations, funds were allocated to DGQA.

2. However, the Committee may be assured that all efforts will be made to obtain additional requirements projected by DGQA at Supplementary/RE stage.

#### **Recommendation (Para No. 27)**

The Committee, upon gleaning, the documents supplied, note the under-utilization of the allocations given at the RE stage in the year 2020-21. In this regard, the Committee recommend that in future, DGQA should make all out efforts to ensure optimal utilization of final allocation and invariably a uniform pattern of expenditure throughout the year should be maintained.

## **Reply of the Government**

Due to Covid-19, the expenditure for first three quarter was low and it was expected to pick-up in the last quarter. However, it appears that the expenditure could not pick-up as expected resulting into under-utilization of budgetary resources at the RE stage. The recommendation of the committee for optimal utilization of the final allocation and uniform pattern of expenditure throughout the year is noted for strict compliance in future. The budget is being released on quarterly basis and expenditure monitored through Monthly Expenditure Reports to ensure uniform pattern of expenditure throughout the year.

### **Manpower and Training**

#### **Recommendation (Para No. 28)**

It is apparent that DGQA is one Organisation whose work affects performance of every other department/Organisation of Defence. The quality of products and by Defence uses is quality assured by DGQA of the products go unbridled, the very purpose of Production would be defeated. In present times when technological advancements area frequent and regular feature, it becomes quite essential for DGQA to regularly update their training module. The Committee opined that being a technical service, constant up gradation of technological advancement taking place globally has to be regularly included in training curriculum of DGQA.

## **Reply of the Government**

Training of personnel to keep them in sync with advancement in technology has always been on the priority list of DGQA Organisation. The training requirements are regularly revised (annually), taking into account the emerging requirements and feedback from the establishments. Overall objectives is to enable employees to acquire new skills, sharpen the existing ones and perform better and thereby contribute towards growth of the organisation. Suggestions of the Committee to include technological upgradation taking place globally in the training curriculum of DIQA has been noted for compliance.

#### **Recommendation (Para No. 29)**

During the oral evidence, it was submitted that the role of the technical manpower was expanding and their role was also assuming greater importance thus enhancing their requirement. The Committee were apprised that an increment of about 20 percent was required in technical manpower by DGQA. The Committee are happy to note that a Review Committee under the Ministry of Defence has already been formed which is reviewing and studying the technical manpower requirement of DGQA. The Committee hope that this Committee of the Ministry of Defence would rationalize the requirements and will help to augment the technical manpower of DGQA. The

Committee recommend that all efforts may be made to fill up the vacancies in DGQA at an early date and end the 20 percent shortage of technical manpower in the Organization. The Committee also recommend that the report of the Review Committee of the Ministry of Defence may be shared with the Committee while furnishing the Action Taken Replies.

### **Reply of the Government**

DGQA Technical Manpower is the main pillar of DGQA Organisation to sustain and provide a boost to the ongoing various technical activities. Shortages/deficiencies beyond minimum inescapable requirement on this account are likely to have a bearing on overall performance of the system. The recommendation of Committee to increase technical manpower of DGQA by 20% has been intimated to NPC Team constituted by MOD / DDP for restructuring of DGQA. The Committee has been asked to study and rationalize the requirements to augment the technical manpower, keeping in view the future programmes and anticipated gradual increase in the assigned responsibilities of DGQA.

### **Recommendation (Para No. 30)**

During the oral evidence, the Committee were informed that DGQA has a training institute called 'DIQA located in Bangalore' whose training programme is based on international based best practices. Besides, DGQA has a number of training schools in Pune, Ahmednagar and Avadi where proper training is given. Besides, there is also involvement of various academies, IITs, private industries etc. in providing quality training. The committee appreciate these various training avenue being availed by DGQA and also observe that a due mechanism with synchronization with modern technological advances need to be incorporated in all training programmes being operated in DGQA especially due to the added responsibilities entrusted on DGQA owing to focus of the Government on 'Make in India Policy' an manufacturing under 'Defence Corridors'.

### **Reply of the Government**

DGQA as a matter of its policy regularly updates and review its ongoing training programme conducted by various training establishment to keep pace with the advancement in the field of Science & Technology. This not only ensures enhancing professional skills of the employees but also improve their efficiency to contribute with vigor for organisational success. The suggestion of the committee to incorporate due mechanism in synchronization with modern technological advancement has been noted for compliance to take on emerging additional responsibilities, in an efficient manner to realize the Govt of India objective of 'Make in India'.

## Quality Check

### Recommendation (Para No. 31)

The Committee note that DGQA is mandated with quality assurance of a defence equipment and weapon systems such as arms, ammunition clothing etc. The Committee in their earlier reports had expressed their dismay at the faulty ammunition reaching out to Defence Forces despite quality check of products at DGQA. During the evidence, the Committee was apprised the one of the major challenges DGQA facing for quality maintenance was putting the processes in place in regard to impression upon all the manufacturing agencies to revisit the documents with the literature they have got, revisit their processes, update their plant and machinery etc. The Committee understand the difficulties being faced by DGQA in this regard to recommend that unwavering efforts may be made to ensure quality issues to employing more personnel and introducing more stringent procedures for better quality adherence as well as better coordination with all concerned agencies. In this regard, the Committee recommend that while carrying out inspection at various stages of production it should be ensured that inventory which reaches the names of user should be zero defect so they can believe in the armament being used. The DGQA should embrace hyperactive role in ensuring zero-effect on the environment. It shall also ensure that the industries/manufacturing units adopt best available practices/guidelines for production activities and waste disposal by putting in place state-of-the art waste disposal system. It is needless to say that old methodologies should be replaced with the new ones in due course of time.

### Reply of the Government

(a) Quality Assurance (QA) of defence stores is undertaken by DGQA as per the mutually agreed Quality Assurance Plan (QAP) / Acceptance Test Procedure (ATP) evolved in consultation with the manufacturer / production agency. The QAP / ATP is prepared based on the governing drawings / technical specifications duly aligned as per relevant International Standards (as applicable). DGQA carries out Quality Audits at Surveillance Points and Control Points on random sampling basis at pre-designed stages of production, which are critical to quality, in addition to Final Acceptance Inspection (FAI) at finished stage defined as per QAP / ATP.

(b) QA of ammunition stores involve both non- destructive tests (including dynamic firing) to validate the safety, functionality and reliability aspects. Ammunition stores are manufactured in bulk and invariably subjected to destructive tests prior to acceptance. Therefore, QA of ammunition stores is carried out on a random sampling basis which is also the internationally adopted practice.

(c) In addition to regular QA of batches / lots of ammunition stores as mentioned above, DGQA also undertakes the following important activities:-

(i) Process Audit of critical processes / operations due to repetitive nature of non – conformities / defects observed during regular QA of ammunition stores as well as based on the feedback obtained from Users.

(ii) Defect Investigation to investigate the root cause of defects / accidents reported by Users during exploitation as well as the defects observed during regular QA of ammunition lots / batches.

(d) The Committee may be assured that all efforts are being made by DGQA to ensure that Ordnance Factories supply “Zero-Defect” armament and ammunition to the Users.

### **Recommendation (Para No. 32)**

The Committee appreciate the use of the user feedback for critical analysis of the quality of the product and the progressive improvement in the user feedback being received by DGQA. The Committee would like to be apprised of the analysis done in this regard in the Action Taken Replies. The Committee would also suggest the preparation of a comprehensive manual by DGQA on the best practices for quality maintenance. The Committee also recommend that the process of upgradation of infrastructure of manufacturing industries, production industries etc. may be expedited.

### **Reply of the Government**

(a) The critical analysis of user feedbacks on quality of the product is carried out in relation to governing technical specifications to arrive at probable causes leading to quality issues. This activity is invariably followed by conduct of process audits of critical to Quality parameters. Non Conformances (NCs) observed during the process audits are communicated to the production agencies for initiating required remedial measures in a time bound manner. Regular updates on the improvement are given to the user during Quarterly Interaction Meetings (QIM) and other such interactions. Also, necessary advisories are issued to the User for storage / handling / exploitation related aspects (wherever applicable), based on the outcome of the Defect Investigation. In addition, an Annual Quality Review Report is prepared by DGQA for each Ordnance Factories and DPSU and given to these agencies for necessary action to improve quality.

(b) QAPs /ATPs are reviewed on a regular basis, duly incorporating the remedial measures suggested during Process Audit / Defect Investigation, so as to avoid recurrence of defects.

(c) DGQA has a comprehensive ‘Technical Standing order’ which is used as a guideline for executing QA functions. In addition a Quality Manual is also being updated incorporating the best QA practices.

(d) Recommendation of The Committee are being complied with utmost seriousness by carrying out stringent QA checks to ensure defect free ammunitions and other defence stores are issued to the Armed Forces.

### **Use of DGQA facilities by Private Sector**

### **Recommendations (Para Nos. 33 & 34)**

33. The Committee find Capital expenditure is going to take a boost in DGQA as mentioned by a representative during the oral evidence. The DGQA has a plan to spend the capital expenditure on state –of –art testing infrastructure and proof ranging.

34. The Committee consider, advent of Private Sector in the field of defence Committee feel that there lies an opportunity for DGQA for testing the stores and products manufactured by Private Industry. Therefore, they recommend that DGQA with its expertise in inspection and certification of ammunition can offer its services to the private sector in return of a specified fee, It would be mutually beneficial to both the parties as it would make DGQA self-reliant in financing its projects and the private sector expertise of DGQA at nominal fee. In the long run DGQA can give dividend back to the Government.

### **Reply of the Government**

As proposed by the Committee, in order to facilitate Indian private industry for Testing, Trials, Proof Firing of their equipment, Weapons and Ammunitions, DGQA has already opened up its test facilities & proof ranges for private Industries. The guidelines for the same have already been issued by Govt. A Standard Operating Procedure for allotment and utilization of proof ranges have also been issued. These are available on various websites viz MoD, Make in India, DGQA etc.

### **NATIONAL CADET CORPS**

#### **Budget**

#### **Recommendation (Para No. 35)**

29. The Committee take note of the fact that, in Budget Estimate 2021-22, the total projection is Rs. 2400.81 crore against which there is an allocation of Rs. 1650.76 crore thereby registering a shortfall of Rs. 750.10 crore. Out of the total budget projection Revenue budget was Rs. 2385.81 crore and allocation Rs. 1635.76 crore, whereas in case of Capital budget, the projection was Rs. 15.00 crore and allocation Rs. 15.00 crore. There is a deficit of Rs. 750.05 crore in Revenue budget, however in Capital budget there is no change in projected and allocated amount. The Committee are of the view that such a trend and a cut in the Revenue Expenditure which includes Pay and allowances of Personnel and no increase in the Capital Expenditure for the procurement of durable assets would slow down the expansion and training activities of NCC. The Committee, therefore, at this stage can only recommend and urge the Ministry of Defence to lay down appropriate financial provision for NCC in future allocation at the Revised Estimate stage to enable it to perform efficiently.



### **Reply of the Government**

30. The Committee may be assured that based on progress of expenditure during the course of financial year, pending committed liabilities etc., additional funds will be sought from Ministry of Finance at Supplementary/ RE stage. Also, if required, through reprioritization, it will be ensured that urgent and critical requirements of NCC are met.

### **Recommendation (Para No. 36)**

Gleaning through the figures, the Committee note the under utilization of the allocations given at the RE stage in the year 2020-21 but considering the Covid situation in the country, the Committee would not like to comment adversely against it. However, they recommend that NCC should make all out efforts to ensure optimal utilization of allocation and a uniform pattern of expenditure throughout the year commencing from this year and invariably in future.

### **Reply of the Government**

The observations of the committee are noted for compliance.

### **Training and jobs in Armed Forces for NCC Cadets**

### **Recommendation (Para No. 37)**

The Committee appreciate the innovative training initiative of NCC by adoption of the IIT concept of 'Super-30'. The Committee hope that by introducing such innovative methods the number of officers qualifying for this grade reach the optimal level in the next few years and in the future it would become a great source of rearing ground for the Cadets to join Armed Forces.

### **Reply of the Government**

This initiative is very popular among the cadets who are aspiring to join armed forces. The numbers of cadets joining armed forces has improved by this concept.

### **Recommendation (Para No. 38)**

On the issue of the development of combat capabilities through the training being provided by NCC, the Committee observe that some cadets are given exposure to firing of the higher-grade weapons also. The Committee, therefore, recommend that efforts should be made by NCC to tailor the training programmes in a more effective manner to help the cadets to not only develop comradeship, self-less service, integrity and social integration but also combat capabilities and take part in frontline war duties in case of emergent situations like war etc. arise.

## **Reply of the Government**

Firing, Weapon Training, First Aid, Signal, etc are already part of Training Curriculum of NCC. The NCC cadets are trained to be employed in specific civil defence duties.

It is further informed that a High Level Expert Committee was constituted vide letter No.4/6/2020-D(GS-VI) dated 9<sup>th</sup> September, 2021 under the Chairmanship of Shri Baijayant Panda to conduct an objective, independent and thorough review of NCC. The terms and reference of the committee, inter-alia, include to review the role, objectives and organization structure of the NCC, and suggest measures to enhance the contribution of NCC to youth empowerment, nation building, and national integration; suggest measures for utilization of NCC Cadets as trained human resources to contribute in national developmental efforts; nurture NCC cadets as grassroots community leaders, motivators and catalytic agents for socio-economic progress; analyse and recommend improvements in components of NCC training and so on.

### **Expansion of NCC in Schools and Colleges**

#### **Recommendation (Para No. 39)**

The Committee observe that as on date 17,644 educational institutions (both schools & colleges) have been covered under NCC and there are 8902 waitlisted institutions throughout the country. The Committee are happy to note that under the scheme of expansion of NCC, one lakh cadets in Border Taluks/Coastal Taluks etc. have been sanctioned by the Ministry on 22.7.2020. This is a appreciable step and if implemented judiciously, can help gainful expansion of the footprint of the NCC in coastal and border areas of the country and also prove to be a boon for the students of schools and colleges in these uncovered areas and help in their development. It can also instill a patriotic fervor among these students and motivate them to join the armed forces. The Committee hope that this expansion programme would also help in bringing down the number of waitlisted institutions throughout the country. The Committee would like to be apprised on the implementation of this expansion programme of NCC while submitting action taken replies.

## **Reply of the Government**

As on date 18864 educational institutions have been covered under NCC and there are 8472 waitlisted institutions. The Hon'ble PM announced the expansion of NCC by one lakh in 173 Border/Coastal Districts on 15 Aug 2020. The Cadets strength has been allotted to 1283 educational institutions in these areas. 41,082 cadets have been enrolled in the year 2020-21 and 44155 cadets are expected to be enrolled in 2021-22. Balance of 14763 cadets will be enrolled in 2022-23.

#### **Recommendation (Para No. 40)**

The Committee appreciate the various steps taken by the Ministry to enhance the worth of NCC Cadets. There are employment avenues in CAPFs, Railways and other security related jobs under Central and State government, Aviation and Shipping industry, training programmes with Red Cross and NDRFs, Certification Course for

Yoga through Ministry of Ayush, Conduct of classes and coaching in personality development, Increase in the various attachment training with the three services and their training establishments. The Committee also find that vacancies for various adventure activities and Special Camps under the Stewardship of NCC has been increased to 30000 annually to meet the aspirations of the cadets, Introduction of incentives in jobs by Central Armed Police Forces (CAPFs)& state police for NCC A, B, C certificate holders have been institutionalized which will further motivate students to join NCC and Increase of YEP (Youth Exchange Programme) of NCC from 10 to 15 countries.

### **Reply of the Government**

Being observations no specific comments are offered.

### **Recommendation (Para No. 41)**

The Committee also observe that the performance audit of all education institutions is being carried out by NCC once in 2-3 years for schools and 3-4 years for colleges. In this regard, the Committee recommend that for better and more efficient monitoring of the system, the frequency of the performance audit may be improved and conducted once in a year for both schools and colleges. The decision in this regard may be taken expeditiously under intimation to the Committee.

### **Reply of the Government**

1. Performance audit of Educational institutions is carried out by a board of officers with following composition:-

Presiding Officer	-	Group Commander
Member	(i)	1 x Officer-in-Charge of NCC Unit
	(ii)	1 x Administrative Officer of NCC Unit
	(iii)	1 x Officer-in-Charge/Administrative Officer of a Different unit detailed by the State Dte.

2. There are 18,864 institutions spread in 98 Gps. With the current frequency of audit (Schools in 2-3 years and Colleges in 3-4 years), the board will have to audit 5 institutions every month throughout the year, which involves movement over large distances. This is the same pool of staff which carries out training by visiting all the institutes on a weekly basis. Auditing 100% institutions every year may not be feasible and would adversely affect the training activities. This problem will compound since the number of institutes are increasing every year.

### **Fully Self Finance Scheme (FSFS)**

### **Recommendation (Para No. 42)**

The Committee note that to minimize the waiting list of NCC units in various schools and colleges, the NCC had started a self financing scheme. This scheme is fully self financing and the institutions have to take the responsibility to bear the expenditure of the cost of training, the uniform, the equipment, the hiring of the instructors etc. During

oral evidence, the representatives of the NCC have apprised the Committee that one lakh additional vacancies have been sanctioned under this Scheme out of which an allotment of 44000 vacancies have already been made. Further, the Committee also observe that the release of an additional One lakh vacancies of Junior Division /Junior Wing (JD/JW) under this Scheme is also under consideration.

### **Reply of the Government**

The Senior Division/Senior Wing (SD/SW) Scheme was launched on 13 Dec 2019. As on date 80,963 vacancies have been allotted to the State Directorates of which 65,000 vacancies have been utilized. The institutions across the country are reopening after lifting of pandemic restriction. The enrolment is likely to increase.

Junior Division/ Junior Wing (JD/JW) Scheme for additional one lakh cadets was launched on 03 May 2021. 70,000 JD/JW vacancies have been allotted to State Directorates. The enrolment is in progress.

### **Recommendation (Para No. 43)**

The Committee welcome the steps initiated by NCC for its expansion under Fully Self Finance Scheme (FSFS), however, they recommend that NCC should expedite the process of allotment of the remaining 56000 Junior Division/Senior Wing (SD/SW) vacancies which, even given to conservative estimates is a substantial number. The Committee also recommend that additional one lakh vacancies of Junior Division/Senior Wing (SD/SW) be also released and allotted expeditiously to ensure that the benefits of the scheme can be fully operationalized for the benefit of the students of the various schools and colleges in the country. The Committee also feel that a proper monitoring mechanism should be developed by NCC to ensure the correct implementation of the scheme in the various schools and colleges and adherence to the highest quality in the conduct of the training programmes. Therefore, they recommend that effective mechanism be devised for requisite monitoring then only the goals of the institution can be fully accomplished. The progress made in this regard should be intimated to the Committee at the earliest but definitely during submission of Action Taken Replies.

### **Reply of the Government**

1. Fully Self Financing Scheme (FSFS) was introduced for Senior Division (SD)/Senior Wing(SW) on 13 Dec 2019. A total of 01 Lakh Cadet vacancies were allotted under this scheme to Schools/ Colleges who are desirous to open NCC and ready to bear all expenditure on their own. The scheme commenced in Training Year 2020-21 and was extensively promoted across the country inspite of COVID19 restrictions and closure of schools for prolonged period. As a result, the scheme has received an overwhelming response within a short span of time and is gaining wide popularity across the country. A total of 80,963 vacancies have been allotted to NCC State Directorates and approximately 65,000 vacancies have been utilized. Requirement of additional vacancies from the State departments is expeditiously catered from the reserve pool. Over 600 eligible private Schools and Colleges have benefitted from this scheme. The eligibility criteria for the institutions under this scheme has been well laid out in Policy Guidelines and Implementation Instructions which have been disseminated to all State Directorates for adherence and also made public through NCC website for easy access.

2. FSFS for Junior Division (JD)/Junior Wing(JW) has also been launched on similar lines as SD/SW on 03 May 2021 wherein additional One Lakh JD/JW cadet vacancies have been allotted and distributed to the State Directorates. The scheme is being given wide popularity and allotment of NCC to eligible institutions is in progress.

3. An effective mechanism is already in place to ensure optimal performance of institutions in NCC activities. A system of performance audit by Board of Officers have been instituted and deliberated upon to bring in more accountability to the institutions and also to weed out the poor performers. An exhaustive checklist for carrying out performance audit of educational institutions is strictly followed by Board of Officers.

## **Skill Development**

### **Recommendation (Para No. 44)**

The Committee note that NCC do not provide any other Skill Development training and it is basically restricted to disaster management. The Committee, therefore, succinctly recommend that the incorporation of skill programmes as devised by the Ministry of Skill Development in the curriculum of training be incorporated for NCC cadets which will enhance their employment potential. The Committee also note that the NCC has not explored the private sector for training purposes. The Committee in this regard recommend that efforts should be made to explore all avenues and incorporate all good training practices in the training programmes of the NCC Cadets which would eventually lead to their induction in private sector as well.

### **Reply of the Government**

- (a) The curriculum of NCC has been devised based on the aim of NCC. The training imparted in NCC is a skill enabler and not a skill developer. The aims and objectives expected to be achieved based on which training curriculum has been designed are as follows:-
- (i) To develop character, comradeship, discipline, secular outlook, spirit of adventure and the ideals of selfless service among the youth.
  - (ii) To create a human resource of organized, trained and motivated youth, to provide leadership in all walks of life and be always available for the service of the nation.
  - (iii) To provide a suitable environment to motivate the youth to take up a career in the Armed Forces.
- (b) The recommendation to explore all avenues and incorporate good training practices in the training programmes which will lead to the cadets' induction in a private sector has been noted.
- (c) It is further informed that a High Level Expert Committee was constituted vide letter No. 4/6/2020-D(GS-VI) dated 9<sup>th</sup> September, 2021 under the Chairmanship of Shri Baijayant Panda to conduct an objective, independent and thorough review of NCC. The terms and reference of the committee, inter-alia, include to review the role, objectives and organization structure of NCC to youth empowerment, nation building, and national integration; suggest measures for

utilization of NCC Cadets as trained human resources to contribute in national developmental efforts; nurture NCC cadets as grassroots community leaders, motivators and catalytic agents for socio-economic progress; analyse and recommend improvements in components of NCC training and so on.

#### **Recommendation (Para No. 45)**

The Committee also observe that apart from the Armed Forces, the Forest Services etc. as well as the various State Governments are also being communicated with to explore gainful employment for the NCC Cadets. The Committee note that only seven States have given their response to the communication of Ministry of Defence, which is a meager figure. The Committee hope that concerted efforts should made to further take up the matter with remaining States as well as other Services to maximize the employment potential of the trained NCC Cadets. This would not only keep our youth focused but in the long run would make healthy and happy citizens.

#### **Reply of the Government**

The recommendations of the committee are noted for compliance.

#### **Recommendation (Para No. 46)**

It is an encouraging development that the Government in Uttar Pradesh and Tamil Nadu have started two Defence corridors which will surely need suitable trained and skilled manpower in multi-faceted environment. The Committee feel that this great opportunity should be explored by NCC as a potential employment generator for especially those cadets who fail to make it to the armed forces and who can be imparted suitable technical training to serve in these two Defence corridors as well as in both the public and private Defence Production Sector organizations in general. The Committee, therefore, recommend the provision of suitable technical training to NCC Cadets in the field of Defence Production Sector which can enable them to get gainful employment in this sector. It would not be out of place to mention here that NCC pass out cadets can be utilized for security purposes also with an attachment with established security forces such as Central Industrial Security Force(CISF) etc. or otherwise. The job market is proving security services as one of the fastest growing sectors of which NCC can make maximum use.

#### **Reply of the Government**

- (a) The incentives for NCC cadets has been introduced by the Home Ministry in enrolment of NCC A,B & C certificate holder in all Central Armed Police Forces.
- (b) Besides this, Indian Maritime University (IMU) has given 5% weightage to NCC 'C' Certificate holders in all Marine courses conducted by IMU.
- (c) NCC 'C' certificate holders are also being preferred by Corporate sector companies. In a recent enrolment process. Reliance Industries have enrolled 70 NCC 'C' Certificate holders as Security Executive Officer after 6 months of training.

**CHAPTER III**

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE  
GOVERNMENT**

**-NIL-**

## **CHAPTER IV**

### **OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **Recommendation (Para No. 10)**

During the course of examination of Demands for Grants 2021-22, the Committee find that in 2020-21, the approved BE allocation for DRDO was Rs. 19,327.35 crore while the approved RE allocation was Rs. 16,466.29 crore. The Committee note that the RE allocation is lesser than the BE allocation by Rs. 2,861.06 crore.

#### **Reply of the Government**

Yes, it is a fact that BE approved for DD R&D during the FY 2020-21 was Rs 19327.35 cr and the same was reduced to Rs 16466.29 cr at RE stage. Thus overall reduction of Rs 2861.06 cr has been made. This includes a reduction of Rs. 2575.00 cr under Capital Head based on the expenditure trend during the FY.



**CHAPTER V**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES  
OF THE GOVERNMENT ARE STILL AWAITED**

**-NIL-**

**New Delhi;  
01 August, 2022  
10 Sravana, 1944 (Saka)**

**JUAL ORAM  
Chairperson  
Standing Committee on Defence**

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

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

The Committee sat on Friday, the 22 July, 2022 from 1500 hrs. to 1600 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI JUAL ORAM**

-

**CHAIRPERSON**

**MEMBERS**

**LOK SABHA**

2. Kunwar Danish Ali
3. Shri Annasaheb Shankar Jolle
4. Shri Rattan Lal Kataria
5. Shri Kotagiri Sridhar
6. Shri Uttam Kumar Reddy Nalamada
7. Dr. Shrikant Eknath Shinde
8. Shri Brijendra Singh
9. Shri Mahabali Singh
10. Shri Durga Das Uikey

**RAJYA SABHA**

11. Dr. Ashok Bajpai
12. Shri Kamakhya Prasad Tasa
13. Dr. Sudhanshu Trivedi
14. Lt. Gen. Dr. D P Vats (Retd.)
15. Shri K.C. Venugopal

**SECRETARIAT**

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

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda of the Sitting.

\*\*\*\*\* Does not pertain to the Report \*\*\*\*\*

3. The Committee then took up the draft Report on the Action Taken by the Government on the observations/ recommendations contained in the Twenty-Second Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2021-22 on Ordnance Factories, Defence Research and Development Organisation (DRDO), Directorate General of Quality Assurance (DGQA) and National Cadet Corps (NCC) (Demand No. 20)' for consideration. After some deliberations, the Committee adopted the Report without any changes/modifications. The Committee authorized the Chairperson to finalise the above draft Report and present the same to the House on a date convenient to him.

\*\*\*\*\* Does not pertain to the Report \*\*\*\*\*

The Committee then adjourned.

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## APPENDIX II

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THE TWENTY-SECOND REPORT OF STANDING COMMITTEE ON DEFENCE (17<sup>TH</sup> LOK SABHA) ON 'DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2021-22 ON ORDNANCE FACTORIES, DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION, DIRECTORATE GENERAL OF QUALITY ASSURANCE (DGQA) AND NATIONAL CADET CORPS (NCC) (DEMAND NO. 20)'**

1. Total number of recommendations 46
  
2. Observations/Recommendations which have been accepted by the Government (Chapter II):  
  
Para Nos. 1,2,3,4,5,6,7,8,9,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45,46  
  
Total : 45  
Percentage: 98%
  
3. Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government Chapter III):  
  
Para Nos. -Nil-  
  
(Total - Nil)  
Percentage: 00%
  
4. Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee (Chapter IV):  
  
Para Nos. 10  
  
(Total - 01)  
Percentage: 02%
  
5. Observations/recommendations in respect of which final replies of the Government are still awaited (V):  
  
Para Nos. -Nil-  
  
(Total - Nil)  
Percentage: 00%