

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE  
**LOK SABHA**

**UNSTARRED QUESTION NO.3525**  
TO BE ANSWERED ON THE 2<sup>ND</sup> JANUARY, 2019

**MODERNISATION OF ARMED FORCES**

3525. SHRI RAMESWAR TELI:  
SHRIMATI BHAVANA PUNDALIKRAO GAWALI PATIL:  
SHRI DEEPENDER SINGH HOODA:

Will the Minister of DEFENCE j{k k ea=h  
be pleased to state:

- (a) the budget estimates, revised estimates and actual expenditure on modernisation of armed forces during the last five years and the current year;
- (b) whether there has been an underutilization of the allocated funds for modernisation of armed forces during the said period and if so, the details thereof and the reasons therefor and mechanism put in place for auditing the allocated amount for the purpose;
- (c) the details of investment made in the production of military equipment during the last three years and the current year and the Defence agreements signed for procurement of Defence equipment during the said period;
- (d) whether the Government has any proposal to allow the private sector to play a major role in the production of weapon system for the armed forces and if so, the details thereof and the percentage of funds allocated for procurement of indigenous equipments; and
- (e) the steps taken by the Government for modernisation of armed forces to improve weaponry like tanks and missiles and to reduce the dependence on imported equipment along with the contribution to the Defence sector under "Make in India" for the purpose?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

(DR. SUBHASH BHAMRE)

रक्षा राज्य मंत्री

(डा. सुभाष भामरे)

**(a) to (e): A statement is attached.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 3525 FOR ANSWER ON 2.1.2019**

**(a) & (b):** Budget Estimates, Revised Estimates, Modified Appropriation and Actual Expenditure incurred under Capital Acquisition (Modernisation) Head under Defence Services Estimates (DSE) for the last five years and the current year are tabulated below:-

(Rs. in crore)

Year	Budget Estimates	Revised Estimates	Modified Appropriation	Expenditure
2013-14	73,444.59	66,406.41	66,201.92	66,850.30
2014-15	75,148.03	66,151.73	65,706.04	65,862.38
2015-16	77,406.69	65,400.00	61,699.39	62,235.54
2016-17#	69,898.51	62,619.36	64,853.86	69,280.16
2017-18*	69,473.41	68,965.24	68,980.89	72,732.20
2018-19	74,115.99	Not yet finalised.	Not yet finalised.	54,230.94@

*(# figure excludes MF, ECHS, DGQA, NCC, RR, DGOF and R&D)*

*(\* figure excludes MF and ECHS)*

*(@Expenditure in r/o Financial Year 2018-19 is upto November, 2018)*

The Final Appropriation has been fully and optimally utilized during the said period. Internal Audit and External Audit of the allocated amount is carried out by CGDA and C&AG respectively.

**(c) to (e):** In May 2001, the Defence Industry sector , which was hitherto reserved for the public sector, was opened up to 100% for Indian private sector participation, with Foreign Direct Investment(FDI) up to 26% both subject to licensing. Further, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry has notified revised FDI policy under which FDI is allowed under automatic route upto 49% and beyond 49% through Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded.

During the last three years and current year (upto October, 2018) out of total 188 contracts, 121 contracts have been signed with Indian vendors for procurement of defence equipment for Armed Forces such as Helicopters, Survey vessel, Radar, Ballistic Helmets, Artillery Guns, Simulators, Missiles, Bullet Proof Jackets, Electronic Fuzzes and ammunition.

Government is taking measures for modernization of the Armed Forces, through procurement of new equipment and upgrading of existing equipment and systems. The modernization projects are being progressed as per the approved Capital Acquisition Plans and in terms of the extant Defence Procurement Procedure.

Since the launch of 'Make in India' in September 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.

Government has also promulgated the policy of Strategic Partnership in the Defence Sector which encourages participation of the private sector in manufacture of major defence platforms and equipment in four selected segments viz. Submarines, Fighter Aircraft, Helicopters and Armoured Fighting vehicles / Tanks.

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