

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA
UNSTARRED QUESTION NO. 3767
TO BE ANSWERED ON 11th August, 2023

DEFENCE MODERNIZATION

3767. ADV. DEAN KURIAKOSE:
SHRI ANUMULA REVANTH REDDY:

Will the Minister of DEFENCE be pleased to state:

- (a) the details for the meagre allocation of resources for defence modernization along with the reason(s) for reduced expenditure on defence positions along with the depleting state of funds for procurement by the Government;
- (b) the steps taken by the Government to encourage the indigenous industry to contribute towards defence modernization instead of using bulk imports;
- (c) whether the Government has any data/records on the status of modernization of various weapon systems, platforms, equipment, and ammunition of Indian Armed Forces separately during the last five years and the current year;
- (d) if so, the details thereof along with the criteria used for determining the modernization level;
- (e) if not, the reasons therefor and whether the Government considers it necessary to do so; and
- (f) whether the Government has any mechanism/guidelines to ensure the modernization aligned with operational readiness, threat perception, technological advancement, and indigenisation, if so, the details thereof and if not, the reasons therefor?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a): There is no meagre allocation of resources for defence modernization and allocation for modernization under total Capital Outlay for defence services has gone up from Rs. 80,959.08 crore in FY 2019-20 to Rs. 1,32,301.27 crore in FY 2023-24. The projected and allocated funds under Capital Acquisition (Modernisation Budget) in BE 2023-24 are as follows: -

(Rs. in Crore)

Capital Acquisition (Modernization Budget)	Projection BE 2023-24	Allocation BE 2023-24
	1,32,841.04	1,32,301.27

...2/-

The allocated funds are optimally utilized towards operational activities. If required, the schemes are reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

(b): With a view to encourage indigenous industry to contribute to defence modernization, funds for financial year 2023-24 have been earmarked in the ratio of 75:25, where 75% i.e. Rs. 99,223.03 Crore is for Domestic procurement and 25% i.e. Rs. 33,078.24 Crore is for Foreign procurement.

Further, the Government has taken several policy initiatives in the past few years and brought in reform to encourage indigenous design, development and manufacture of defence equipment, thereby promoting self reliance in defence manufacturing & technology in the country. These initiatives, inter-alia, include according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020; Notification of four 'Positive Indigenization Lists' of total 411 items of Services and four 'Positive Indigenization Lists' of total 4666 items of Defence Public Sector Undertakings (DPSUs), for which there would be an embargo on the import beyond the timelines indicated against them; Simplification of Industrial licensing process with longer validity period; Liberalization of Foreign Direct Investment(FDI) policy allowing 74% FDI under automatic route; Simplification of Make procedure; Launch of Mission Defspace; Launch of innovations for Defence Excellence (iDEX) scheme involving startups & Micro, Small and Medium Enterprises (MSME); Implementation of public procurement (preference to Make in India) Order 2017; Launch of an indigenization portal namely SRIJAN to facilitate indigenization by Indian Industry including MSME; Reforms in Offset policy with thrust on attracting investment and transfer of Technology for defence manufacturing by assigning higher multipliers; Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu ; Opening up of Defence Research & Development (R&D) for industry, startups and academia with 25 percent of Defence Research and Development budget; and progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

(c) to (f): The desired information is sensitive and strategic in nature and its disclosure would impact the operational capabilities and preparedness.
