

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA
UNSTARRED QUESTION NO. 1110
TO BE ANSWERED ON 08th December, 2023

NON-LAPSABLE FUND FOR DEFENCE MODERNISATION

1110. DR. AMAR SINGH:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government is aware of the proposal to create a non-lapsable fund for defence modernisation, a proposal that the Union Government gave an in-principle nod to way back in February 2021, still hasn't found a mention in this year's budget;
- (b) if so, the details of the corrective steps proposed to be taken by the Government in this regard; and
- (c) the initiatives proposed to be taken by the Government to raise the defence expenditure to three per cent of Gross Domestic Product (GDP)?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) & (b): Articles 112-114 & 266 of the Constitution provide that no money can be spent by the Government from Consolidated Fund of India without authorization through an Annual Budget presented before the Parliament. Since authorisation under the Appropriation Act is meant for that particular financial year, the same does not allow operationalization of a Public Fund which is non-lapsable in nature. In this regard, separate mechanism is being worked out by Ministry of Finance in consultation with MoD, to explore a special dispensation to MoD to operationalize a Non-lapsable Defence Modernisation Fund.

(c): Defence Expenditure is the largest expenditure amongst the Central Ministries. Defence expenditure as a definite percentage of total Government Expenditure / GDP cannot be ensured considering the fact that the resource allocations are made among various competing priorities on need basis. The budgetary allocations are optimally utilized and if required, additional funds are sought at Supplementary/RE stage to ensure that urgent & critical capabilities are acquired without any compromise to operational preparedness of Defence Services.
