

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:3360

ANSWERED ON:19.08.2004

SETTING UP OF A DEFENCE MODERNISATION FUND

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Will the Minister of DEFENCE be pleased to state:

- (a) whether the Standing Committee on Defence had observed in their 21st report that on account of lapsing of Defence Budgets the defence deals get adversely affected and therefor setting up a Defence Modernisation Fund (DMF) is a dire necessity;
- (b) if so, whether the Ministry of Defence has formulated modalities and procedures for operating the proposed fund;
- (c) if so, the details thereof and the funds allocated for Defence Modernisations Fund during the current financial year;
- (d) the names of the projects being undertaken/proposed to be undertaken with DMF during the current year; and?
- (e) if not, the reasons for delay and the time by which the DMF is likely to be set up?

Answer

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

- (a) In their 21st Report, the Standing Committee on Defence had desired the Ministry of Defence to expedite the formulation of modalities and procedures for operating the Defence Modernisation Fund.
- (b) The Ministry of Defence had drawn up a detailed accounting procedure for operationalising the Defence Modernisation Fund and sent the proposal for approval to concerned authorities including Comptroller & Auditor General.
- (c) to (e): According to the proposal formulated by Ministry of Defence, Defence Modernisation Fund is to be created in the Public Account of India and is to cater for all capital acquisitions of the three Services and Integrated Defence Staff. In the General Budget 2004-2005 presented on 8th July, 2004, no provision has been made for Defence Modernisation Fund for the current financial year.