

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:254
ANSWERED ON:02.12.2004
DEFENCE MODERNISATION FUND
Barman Shri Hiten

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has casted aside the non-lapsable Rs. 25,000 crore Defence Modernisation Fund (DMF) which is a well considered decision taken after a lot of deliberations;
- (b) if so, the reasons therefor;
- (c) whether the Government propose to establish once again the Defence Modernisation Fund with committed allocations for a period of five years;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (e): The then Finance Minister in his budget speech while presenting the Interim Budget 2004-2005 in February 2004 had announced the setting up of a non-lapsable Defence Modernisation Fund of Rs. 25000 crs. However, no budgetary allocations were made for the said Fund.

For operationalising the Defence Modernisation Fund, Ministry of Defence, with the approval of Ministry of Finance, drew up a detailed accounting procedure and processed it for approval of concerned authorities including Comptroller and Auditor General of India.

While formulating these modalities, it emerged that the utility of Defence Modernisation Fund in addressing the basic issue of assured availability of funds will be rather limited. Hence, it has been decided not to pursue the proposal for the present.