

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:3371

ANSWERED ON:18.12.2015

Modernization Projects

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Will the Minister of DEFENCE be pleased to state:

(a) the reasons behind under-utilisation of the capital funds budgeted for modernisation projects to the army, navy and the Defence Research and Development Organisation;

(b) the reasons behind non-utilisation of funds allocated for prototype development and assistance to small and Medium Enterprises for Technology Development in Defence Sector during the year 2014-15; and

(c) the steps being taken by the Government to ensure adequate utilisation of such funds in modernisation projects within this financial year?

Answer

MINISTER OF DEFENCE (SHRI MANOHAR PARRIKAR)

(a) Details of the amount allocated for modernization of the defence forces during the year 2014-15 is as follows:

(` in crores)

Year Budget

Estimates Revised

Estimates Actual

Expenditure Savings as

% of Revised Estimates

Capital Acquisition:

2014-15 75,148.03 66,151.73 65,862.38 289.35 0.44

Only a minor sum of `289.35 crore (0.44% of allocation) remained unspent during 2014-15 as a cumulative effect of small savings under various heads of account.

However, force-wise details of the expenditure are as follows:-

(` in crores)

Service Revised Estimates(RE)

For the year 2014-15

Actual Expenditure

Capital Acquisition Budget:

Army 16,927.35 13,867.40

Navy 17,075.24 20,905.54

Jt. Staff 330.75 280.05

Air Force 31,818.39 30,809.39

Total: 66,151.73 65,862.38

Budget allocation of Defence Research and Development Organisation (DRDO) falls under the category of other than Capital Acquisition Budget. There was no under-utilisation of the funds in respect of Defence Research and Development Organisation (DRDO). Details of the expenditure is as follows:-

(` in crores)

Service Revised Estimates(RE)

for the year 2014-15

Actual Expenditure

Other than Capital Acquisition Budget:

DRDO 7147.52 7482.52

(b) In the Union Budget of 2014-15, it was announced to set aside an initial sum of `100 crore towards setting up Technology Development Fund (TDF). The Cabinet Note along with the Draft TDF Scheme was prepared by Department of Defence Production after carrying out inter-ministerial consultations.

Draft Cabinet Note was discussed in the meeting of Committee of Secretaries (CoS) held under the Chairmanship of Cabinet Secretary on

30th September, 2015. During the meeting, it was decided that Department of Defence Production and Defence Research Development Organization (DRDO) will consider empowering DRDO to sanction research projects to private sector entities, particularly Small and Medium Enterprises (SMEs), on the same lines as is being done by DRDO in respect of Government agencies. The draft TDF scheme at present, is under examination at DRDO in view of the decision of Committee of Secretaries.

(c) Utilization of Defence budget is monitored by means of the financial compilation prepared by Controller General of Defence Accounts (CGDA) which captures the details of defence expenditure incurred all over the country. The progress of expenditure is reviewed periodically at various levels in the Ministry and Service Headquarters to identify any areas where expenditure may be lagging. This helps to identify and resolve any problems in implementation of planned activities.
