

# FUND ALLOCATION FOR ARMED FORCES

Relevant for: Science & Technology | Topic: Defence related developments

Ministry of Defence

## Fund Allocation for Armed Forces

Posted On: 02 MAR 2020 3:51PM by PIB Delhi

The details of Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure (Actuals) on the modernisation of Armed Forces under Defence Services Estimates (DSE) for the last three years and this financial year, are as under:-

(Rs. in crore)

Year	Budget Estimates (BE)	Revised Estimates (RE)	Expenditure (Actuals)
2016-17	69,898.51	62,619.36	69,280.16
2017-18	69,473.41	68,965.24	72,732.20
2018-19	74,115.99	73,836.43	75,892.85
2019-20	80,959.08	89,836.16	77,494.82*

\*Expenditure is up to January, 2020.

- The Ministry has fully utilized the allocated budget and there has been no under utilization in the last three years.
- During the last three financial years (2016-17 to 2018-19), 58 contracts worth about Rs. 138727.16 crore have been signed with foreign vendors for capital procurements of defence equipment for Armed Forces.
- The policy initiatives taken to promote indigenous production of State-of-the-art defence systems and to use indigenous technologies for the same are as following:-
  - Defence Procurement Procedure (DPP) has been revised in 2016 wherein specific provisions have been introduced for stimulating growth of the domestic defence industry.
  - A new category of procurement 'Buy {Indian—IDDM (Indigenously Designed, Developed and Manufactured)}' has been introduced in DPP-2016 to promote indigenous design and development of defence equipment. It has been accorded top most priority for procurement of capital equipment. Besides this, preference has been accorded to 'Buy (Indian)', 'Buy and Make (Indian)' & 'Make' categories of capital acquisition over 'Buy (Global)' & 'Buy & Make (Global)' categories.
  - Government has notified the 'Strategic Partnership (SP)' Model which envisages establishment of long-term strategic partnerships with Indian entities through a transparent and competitive process, wherein they would tie up with global Original Equipment Manufacturers (OEMs) to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.
  - The 'Make' Procedure has been simplified with provisions for funding of 90% of development cost by the Government to Indian industry and reserving Government funded

Make-I projects not exceeding development cost of Rs.10 Crore and procurement cost of Rs. 50 Cr per year for MSMEs. The industry funded Make-II Projects not exceeding development cost of Rs.3 Crore and procurement cost of Rs. 50 Cr per year have also been reserved for MSMEs.

- Separate procedure for 'Make-II' category has been notified under Defence Procurement Procedure (DPP) to encourage indigenous development and manufacture of defence equipment. Number of industry friendly provisions such as relaxation of eligibility criterion, minimal documentation, provision for considering proposals suggested by industry/individual etc. have been introduced in this procedure. Till date, 44 proposals for development by industry have been given 'In-principle' approval under Make-II.
- Government has decided to establish two defence industrial corridors to serve as an engine of economic development and growth of defence industrial base in the country. These are spanning across Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli in Tamil Nadu and spanning across Aligarh, Agra, Jhansi, Kanpur and Lucknow in Uttar Pradesh(UP).
- Government has notified a Policy for indigenisation of components and spares used in Defence Platforms in March, 2019 with the objective to create an industry ecosystem which is able to indigenize the imported components (including alloys & special materials) and sub-assemblies for defence equipment and platform manufactured in India.
- Defence Investor Cell has been created in the Ministry to provide all necessary information including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector.
- The Defence Products List for the purpose of issuing Industrial Licenses (ILs) under IDR Act has been revised and most of the components, parts, sub-systems, testing equipment and production equipment have been removed from the list, so as to reduce the entry barriers for the industry, particularly small & medium segment. The initial validity of the Industrial Licence granted under the IDR Act has been increased from 03 years to 15 years with a provision to further extend it by 03 years on a case-to-case basis.
- Offset guidelines have been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components, even in signed contracts. Foreign Original Equipment Manufacturers (OEMs) are now not required to indicate the details of IOPs and products at the time of signing of contracts. 'Services' as an avenue of offset have been re-instated.

This information was given by Raksha Rajya Mantri Shri Shripad Naik in a written reply to Dr. Kirodi Lal Meena in Rajya Sabha today.

**ABB/SS/Nampi/KA/DK/Savvy/ADA**

(Release ID: 1604832) Visitor Counter : 222

**END**

Downloaded from [crackIAS.com](http://crackIAS.com)

© **Zuccess App** by crackIAS.com