

Military expenditure as a percentage of GDP

42. SHRIMATI PRIYANKA CHATURVEDI: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that the military expenditure as a percentage of Gross Domestic Product (GDP) has reduced over a period of time, if so, the details thereof and the reasons therefor;

(b) whether it is also a fact that Government is spending insufficient proportion on operations and maintenance of military equipment and development of defence infrastructure; and

(c) if so, the reasons therefor alongwith the details of the funds allocated for modernisation and procurement/manufacturing of equipment during the last two years and the current year so far?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) As per the table below, Defence Expenditure is increasing every year in absolute terms implying higher spending.

(₹ in crore)			
Year	Defence Budget (BE)	GDP	Def. Exp % of GDP
2017-18	3,59,854.12	170,95,005 (1st RE)	2.11
2018-19	4,04,364.71	1,90,10,164 (PE)	2.13
2019-20	4,31,010.79	2,04,42,233 (RE)	2.11
2020-21	4,71,378.00	224,89,420	2.10

Note: (i) GDP figures from FY 2017-18 to 2018-19 are as per Economic Survey 2019-20 (Vol-2)-Table 1.6-Components of GDP at Current Prices.

(ii) GDP figures for 2019-20 (RE) and 2020-21 (BE) are as per Budget at a Glance (2020-21).

(iii) BE=Budget Estimates, RE=Revised Estimates, PE=Provisional Estimates.

It may be seen from above data that Defence Budget as a percentage of GDP may appear to be decreasing due to increasing trend in the growth of GDP. However, it is increasing in absolute terms, implying higher spending. In BE 2020-21, total Defence Budget (including Civil and Pensions Budget) is ₹ 4,71,378 Crore, which is 15.49% of total Central Government Expenditure. In BE 2020-21, Capital Budget of Ministry of Defence is approximately 28.77% of the total capital expenditure of the Central Government.

(b) The expenditure on operations, maintenance and Defence Infrastructure has been maintained optimally.

(c) Details of Capital Budget which includes expenditure on modernization and equipment for the last two years including the current year are as follows:-

(₹ in crore)

Year	Budget Estimates	Expenditure
2018-19	93,9821.13	95,229.06
2019-20	1,03,394.31	1,11,116.83*
2020-21	1,13,734.00	42137.05*

Provisional Figures.

* Expenditure upto 31st August, 2020.

Measure to help domestic defence manufacturing

43. DR. VINAY P. SAHASRABUDDHE: Will the Minister of DEFENCE be pleased to state:

(a) the manner in which Government plans to help industries in defence manufacturing in India after the embargo on imports for 101 items and the details of the steps being planned or already taken;

(b) the number of companies in India that are manufacturing the items as identified by the Ministry for an embargo on imports alongwith a list of such companies with the States where they have established their manufacturing units; and

(c) the number of companies that are private companies and the steps being taken to ease their concerns amidst the current health crisis?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) to (c) The Government has taken the following policy initiatives to promote 'Make in India' in defence sector:-

- (i) Ministry of Defence has prepared a 'Negative list' of 101 items for which there would be an embargo on the import beyond the timeline indicated against them. This is a big step towards self-reliance in defence. It also offers a great opportunity to the Indian defence industry to rise to the occasion to manufacture the items in the negative list to meet the requirements of the Armed Forces in the coming years. This negative list comprises of