



## Defence Fund Shortfall

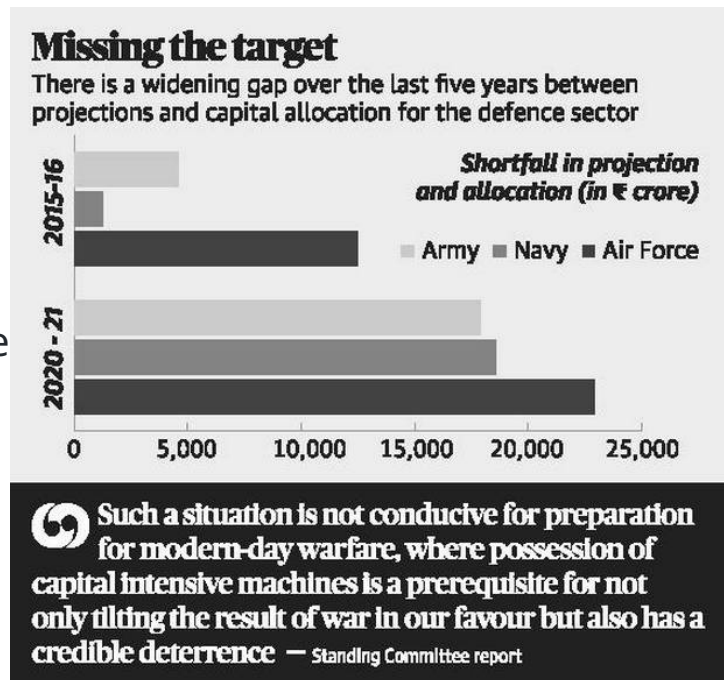
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### Why in News

Recently, a **Parliamentary Standing Committee on Defence** has shown concern at the widening gap between projections and allocations in the defence **budget**.

The Committee noted that **since 2015-16**, none of the three Services (Army, Navy and Air Force) has been given the matching allocation as per the projection.

### Key Findings of the Committee



- There is a **considerable shortage in the allocation in the Capital Head**, which is **35% less than the projection**.

- The Committee noted that **committed liabilities** constitute a significant part of the Capital Head and inadequate allocation would definitely lead to 'default situation' on contractual obligations.

**Committed liabilities are payments anticipated during a financial year for contracts concluded in previous years.**

- Such a situation is **not conducive for preparation of the country to modern-day warfare**, where possession of capital intensive modern machines is a prerequisite for tilting the result of the war in favour and also to have a credible deterrence.
- **Both the Navy and the Indian Air Force (IAF)** have a situation where their **committed liabilities are more than their share of the capital allocation** in the Budget.

To offset this, the Services have been **forced to defer payment of committed liabilities of the Defence Public Sector Undertakings (DPSU)** among other measures.

- **The shortfall in expenditure will affect:**
  - Operationalisation of **three tri-service organizations** i.e. **Defence Space Agency (DSA)**, **Defence Cyber Agency (DCYA)** and **Armed Forces Special Operations Division (AFSOD)**.
  - Operational readiness of **Andaman and Nicobar Command (ANC)**.
  - Maintenance of **SIGINT (Signal Intelligence)** equipment.
  - Administration of training institutes and operational units.

- **Recommendations:**

The committee has recommended a **dedicated fund for committed liabilities and procurements** before the shortfall impacts modernisation, invariably from next Budget onwards (2021-22).

**Source: TH**