

MoD utilises over 50% of total FY 2025-26 capital outlay by September end

Posted On: 13 OCT 2025 7:48PM by PIB Delhi

In the current Financial Year (FY) 2025-26, Ministry of Defence (MoD) has utilised more than 50% of capital outlay by the end of September 2025. In absolute terms, the capital expenditure stands at Rs 92,211.44 crore (51.23%) out of the total allocation of Rs 1,80,000 crore. The MoD had utilised 100% of capital expenditure amounting to Rs.1,59,768.40 crore in the last financial year.

The utilisation of over 50% of capital outlay will result in ensuring timely delivery of vital platforms such as Aircraft, Ships, Submarines, weapon system, etc. required for the modernisation of the Armed Forces in the coming year. Majority of the expenditure has been on aircraft and aero engines followed by land systems, electronic warfare equipment, armaments, and projectiles. Capital expenditure is crucial for the defence sector as it funds the acquisition of new assets, research & development, and infrastructural development in the border areas, which are all essential for the country's national security. Moreover, capital expenditure has a multiplier effect on economic growth and employment generation.

With this pace of expenditure and big-ticket projects which are at advanced stages of approval, MoD is committed to fully utilising the allocation under capital head by the end of the current FY also. In parallel, the Ministry is working on the budgetary projections to be discussed for revised estimates. It is to be highlighted that in the current FY, Ministry of Defence had been allocated Rs 1,80,000 crore under capital head at the BE stage by Ministry of Finance. This allocation was 12.66% higher than the actual expenditure of FY 2024-25.

Since FY 2020-21, Ministry of Defence has been consistently strengthening the domestic industries by earmarking funds for procurement from them. For FY 2025-26, Rs 1,11,544.83 crore has been earmarked for the domestic industry. Significant expenditure to the extent of 45% has been recorded till date out of the funds earmarked for domestic procurement. This allocation is aimed to boost Aatmanirbharta in defence technology & manufacturing and to attract MSMEs, start-ups, etc. in the sector. Allocation under capital outlay for Services has shown a rising trend over the past several years. It has increased by approx. 60% during the last five years.

VK/SR/Savvy

(Release ID: 2178641)