



Ministry of Defence Achieves Full Utilization of Capital Budget of Rs. 1.86 Lakh Crore for FY 2025-26

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The Ministry of Defence, with the joint efforts of MoD(Finance), Acquisition Wing, Defence Services and Defence Accounts Department, has fully utilized its capital outlay of Rs 1.86 Lakh crore for Defence Services provided for the FY 2025-26 at Revised Estimates stage. This milestone achieved by MoD is in continuation to the complete utilization of the capital budget achieved during FY 2024-25 after many years. The overall utilization of Defence Budget including MoD(civil), Pension, etc. during the FY 2025-26 stands at 99.62% against final allocation to MoD.

The original appropriation for capital expenditure was Rs 1.80 Lakh crore, which was further augmented by the Ministry of Finance in view of the pace of expenditure achieved by MoD during the first two quarters and considering the increased requirement of the Forces for Modernization and other purposes post Operation Sindoor.

A significant portion of the expenditure is towards acquisition of aircraft and Aero engines followed by Land Systems, electronic warfare equipment, armaments, ship building, aviation stores and projectiles.

In addition to modernizing Armed Forces, the effective utilisation of expenditure will also aid infrastructural development in the border areas. This will also support the overall economic growth of the country through its multiplier effect on capital formation and generation of employment opportunities.

In the Financial Year 2025-26, AoN for 109 proposals amounting Rs 6.81 Lakh crore has been accorded by MoD, compared to 56 proposals worth Rs. 1.76 Lakh Crore approved in FY 2024-25. Also Capital procurement contracts for a total 503 proposals amounting Rs. 2.28 Lakh Crore were signed by MoD in FY 2025-26.

With a hike of 22%, the Ministry of Defence has been allocated Rs. 2.19 Lakh crore for the FY 2026-27 under capital head at BE stage, further augmenting the efforts in modernising and strengthening our Armed Forces.

VK/SR/Ruchi

