

ARMY HAS TO FUND THREE PROJECTS DUE TO PAUCITY OF CENTRAL BUDGET

State-run Ordnance Factories' Supply to Face 50% Cut

Move to 'help' Army procure ammunition for short intense war

New Delhi: Indian Army has decided to drastically cut down its supplies from state-owned ordnance factories.

This move is to ensure that the money spent is instead used to procure adequate stock of critical ammunition and spares for a short intense war.

Ordnance factories' products supplied to Army will be brought down from 94 to 50% as the Centre has not provided additional funds for emergency procurements of ammunition and spares. But supplies such as clothing (combat dress, berets, belts, shoes) to soldiers will be hit due to the move. Soldiers will

have to spend their own money to buy uniforms and other clothes from civilian markets. Even spares for certain vehicles will suffer.

The Army is working on three major projects to build this stock and requires funds worth thousands of crores. Centre has not provided these funds and the Army has been forced to dig into its own minimal budget to cater to these requirements, officials dealing with the matter told ET.

While looking at the budget for the 2018-19 financial year, officials explained that the Army has no other option but to reduce the supplies from ordnance factories.

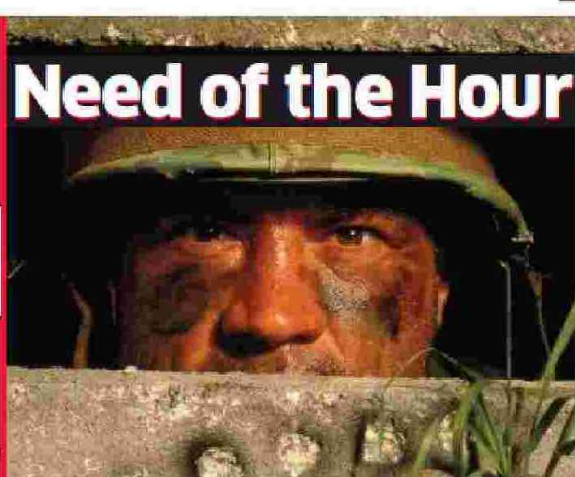
Of the three projects, only one has begun. The official explained that payment for the emergency procurement for this project has been distributed over the years due to shortage of funds.

Another official explained that about ₹5,000 crore has been spent on emergency procurement and another ₹6,739.83 crore needs to be paid. This project with the 10(I) or-

Will use money spent on ordnance factories' supply to maintain stocks of ammunition and spares

Three projects for maintaining levels of ammo and spares up to 10(I) or 10 days of intense war

Three projects are- emergency procurement, 10 (I) order and Make In India



Centre did not provide additional funds to Army for emergency procurement and 10 (I)

So far army spent ₹5000 crore on emergency procurement

Through cuts, Army should save close to ₹24,000 crore

Move may hit supply of clothing (combat dress, berets, belts, shoes) to soldiers

der now costs about ₹21,739.83 crore. He, however, added that the two schemes are not for five but three years. For remaining payment of the two projects, the Army is contemplating on how it fund it as the Centre has asked it to spend from its own budget.

The official said in March, the Army had made an initial cut in supplies from ordnance factories. "In

SIDE EFFECT

Supplies such as clothing (combat dress, berets, belts, shoes) to soldiers to be hit

March, the ordnance factories' allocation for supplying items such as clothing, spares and certain ammunition was brought down to about ₹11,000 crore," said the official. "Ninety four percent of products of ordnance factories are supplied to the Army. We have decided to bring this down to 50%. So from ₹11,000 crore given to the ordnance factories it was brought

down to around ₹8,000 crore," said the official, adding that the deficiency in ammunition and spares is because the ordnance factories have not been able to completely meet the requirements.

He added that the move would save about ₹3,500 crore every year. "We will add another ₹4,000 crore, bringing the total amount to ₹7,000-8,000 crore a year. For three years, we should have close to ₹24,000 crore, which will be used for the emergency procurement and the order for 10 (I)," said the official.

Following the 2016 Uri terrorist attack, the Army found that 46 types of critical ammunition, including for the artillery, tanks such as Armour Piercing Fin-Stabilised Discarding Sabot, anti-material, and 10 types of spares for vehicles and equipment were below 10 (I). The 10 (I) is ammunition and spares needed for 10 days of intense war.

Recently ordnance factories had protested against the move. A few days ago, a top Army officer had met a senior defence ministry offi-

cial and convinced him of the reason behind the move. The move, however, could create a problem for the government, as ordnance factories and several MSMEs could go into litigation as they have several past orders from the Army.

The Centre has also identified eight types of ammunition for manufacture by Indian private firms for ₹1,700 crore per year for the next 10 years. This ammunition includes 30mm used by the infantry, 120mm extended range, 23mm and 40mm grenades.

The Army is also procuring Pina-ka rockets over 10 years, which is worth ₹1,000 crore a year.

"With these steps we should have 90% per of ammunition for 10 (I) by June 2019. Even at this juncture we are relatively fine, because all types of ammunition will not be used during war. But the government has to provide budgetary support.

So far it has not and the Army has been forced to use its own budget at the cost of modernisation and maintenance," said an official.