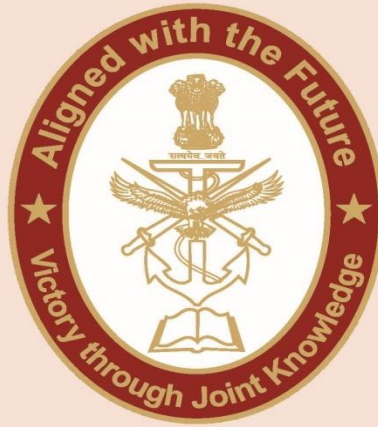


CENTRE FOR JOINT WARFARE STUDIES



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DEFENCE BUDGET - ALLOCATION AND OPTIMISATION



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As expected and despite the China challenge, the defence budget is indicative that the Armed Forces will be asked and tasked to do **'More and More in Less and Less'** and herein lies the challenge for the MoD and the Armed Forces.

The Union budget presented by the Finance Minister Mrs Nirmala Sitharaman focuses on growth, economic development and the well being of 1.38 Billion Indians. Overcoming the challenges posed by COVID19, which has been the disruptor of the century impacting world economies and health of the people. The second and equally critical disruption in 2020 has been China's aggressive behaviour along the 3488 km long India China border, wherein the Chinese threat became the present and clear danger. Hence there was an expectation in some quarters of a substantial increase in the defence budget to meet and mitigate the China threat by a pragmatic impetus to military modernisation. Many strategic experts demanded a major hike in the defence budget as economic development and security are interlinked. India needs long term peace stability and economic development, however, on account of competing national priorities, an

incremental budget is what the defence has been allocated. The challenge for the MoD and the Armed forces is the optimal utilisation of the allocation.

The allocation for defence at Rs 4.78 Lakh crore including Defence pensions is a marginal increase of 1.48 % from the last financial year. However what is heartening is the increase of Rs 21,326 crores under the capital acquisition head, an allocation of Rs 1,35,060 crore, which is a substantial increase of close to 20 per cent from the previous year which was Rs 1,13,734 crore. This should give a much-needed impetus to modernisation, however, a major portion is likely to go towards committed liabilities leaving little for new acquisitions. The increase in capital outlay is maximum for the Navy at 26%, Indian Air Force at 24% and the Army at 18%. This is in addition to the 20,776 cr additional allocation for emergent procurements necessitated to give an effective response to Chinese aggressive behaviour.

The allocation for defence pension stands reduced by 17,775 cr from 1.34 lakh to 1.15 lakh cr. This may be a cause for concern in case the shortfall persists and is not made up by additional allocation which in all probability may not be feasible. The army, in particular, will then have to cut down on its revenue expenditure impacting training and other essential activities, at the revised estimates stage and transfer the funds to the pension head. This has nothing whatsoever to do with the under consideration proposal of extension of service linked to pension, as some apprehend. It needs no emphasis that salaries and pensions are actuals and the shortfall if any will be made up.

The armed forces modernisation and sustenance have suffered not only on account of budgetary support alone but more because of procedural delays and lengthy and lethargic processes. The authority and accountability were not aligned as the accountability for defence preparedness were with the respective service Chiefs whereas the authority was with the MoD. This lacuna stands corrected to a large extent with the appointment of the CDS as the ex officio secretary of the Department of Military Affairs (DMA), a vertical of the MoD, though the capital acquisitions continue to be the responsibility of the Defence Secretary. The Raksha Mantri Shri Rajnath

Singh has demonstrated that when required fast track procurements can be finalised with requisite speed, as seen by the emergent procurements during the crisis along the LAC. Earlier, the so-called fast track procurements usually took longer than even normal procedure procurements. To the credit of the government, the requisite policy changes to enhance military modernisation have been implemented, but somehow the procedure and the processes remain the biggest detractors to an Atma Nirbhar Bharat in defence. We need self-reliance or Atma Nirbhar in the defence sector to optimise the budget, with nearly 60% of the military hardware ex imports a large part of the revenues is required just to keep the platforms serviceable. In addition due to sheer neglect in keeping pace with modernisation under the previous dispensation, the holdings of legacy equipment are rather large again requiring an infusion of funds to keep these going.

Another positive is the long pending demand of the armed forces for a roll-on budget for capital procurements has been acceded to, as the finance ministry in principal has accepted that non-lapsable funds must be allocated to defence. The positives aside the key question is whether the defence budget allocations are being optimally utilised, and the answer is in the negative. The oversight by the defence finance often leads to unacceptable delays and cost overruns. The procedures are not only lengthy but frustrating, with a number of procurement schemes languishing in dusty files moved by self-styled defence experts, who seem to be more knowledgeable than the practitioners and those responsible. Equally important the service Headquarters also need to look inwards, which seems to be happening to an extent with the appointment of the newly created post of Deputy Chief of Staff Capability Development as the sole head responsible for force development and sustenance.

The capital allocation for DRDO too stands increased by 8% to 11375.50 cr. There is a need for a massive infusion of funds in R&D, to ensure the development, induction and exploitation of new-age technologies. The DRDO should drive this along with industry, academia, scientific community duly supported and monitored by the Armed Forces. The allocation for Border Roads has been allocated Rs 6004.08 cr an increase by 7.48%,

which again is far less in view of the urgent need to develop the much-needed infrastructure along our terrain fractured sectors along the India-China border. The infrastructure differential between China and India along the LAC is disproportional, giving major operational advantages to China.

As India faces Chinese aggressive behaviour with a resolute response as also the collaborative China - Pakistan threat is a reality in the immediate to near term, optimal utilisation of the defence budget is imperative. Therein lies the real challenge for the MoD and the armed forces.

CERTIFICATE

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