



- Escalating revenue expenditure on maintaining the three services has been eroding capital resources available for capability building, reducing it to about 30% of defence service allocations.
- The payment of committed liabilities related to acquisitions and infrastructure has become a challenge.
- Even the revenue allocations are below requirements, wondering how the forces could be in a state of high preparedness.
- Pension liabilities, which are well over ₹1 trillion, add to the woes.
- Uncertainty over the availability of capital funding defeats planning for capability building.
- The challenge before the ministry of defence (MoD) is to accelerate capability development, braving the resource crunch.

INDIA'S DEFENCE BUDGET

CONCERNS AND CHALLENGES

Introduction:

- Even in the best of times, making defence allocations is a brain teaser, given the resource constraints.
- The covid-induced revenue crunch and Chinese belligerence make the exercise all the more complex, as the government faces the twin imperatives of operational readiness and capability building.

India's Defence Allocations

- Over the years, defence allocations have been increasing incrementally.
- In 2019-20, India's defence budget was 15.47% of the Union budget, equivalent to 2.04% of gross domestic product (GDP).

NEED FOR DEFENCE EXPENDITURE

- The need to equip India's forces, especially the Army and Air Force on the eastern front through fast-track procurements, will necessitate heavy revenue and capital expenditure.
- Strong naval presence in the Indian Ocean is vital to counter China. The Navy has been pitching for a third aircraft carrier.
- India's submarine fleet of 15 is lean and old; China's submarine fleet of 66 is expanding fast and Beijing is also helping the Pakistani navy build submarines.
- India's Navy embark on a mission to expand its submarine fleet, acquire mine sweepers, helicopters and other equipment and strengthen the Andaman Nicobar command.
- The Navy has been trying hard to restore its share in the budget to 18%, but to meet new challenges, even this may have to increase.
- China's advances in aerospace and AI have been phenomenal. It seems far ahead in developing 'intelligentized' autonomous weapon systems.
- India must quickly match this switch to futuristic paradigms of war.
- Instead of buying aircraft for carriers, equipping the Air Force with new aircraft to replace its MiG21s should be a priority.
- The unified air defence system also needs to be revamped to overcome obsolescence.

WAY FORWARD

- India must strengthen its intelligence, surveillance and reconnaissance capabilities .
- India needs to intensify research and development efforts in areas like artificial intelligence (AI), robotics, quantum computing and cyber-warfare.
- Implementing the Shekatkar Committee recommendations could lead to significant savings.
- India has to curb defence imports if it has to accelerate the development of indigenous technology and reduce costs.
- Early acceptance of DRDO prototypes once key qualitative requirements are satisfied would help.
- For raising India's defence budget to 3% of GDP over the next five years, the Government could consider floating national defence bonds and/ or introducing a special cess.