

“Defence Budget Grossly Inadequate”



Given the continuously increasing threats and challenges to national security, particularly the possibility of a two-front war, the funds earmarked by the Finance Minister for defence expenditure for Financial Year (FY) 2018-19 are grossly inadequate. The defence budget proposed in the budget speech on 1 February 2018 for the next financial year will neither enable the armed forces to achieve the required levels of defence preparedness, nor permit them to undertake the military modernisation that is necessary to acquire the desired combat capabilities.

According to a statement issued by the Ministry of Defence (MoD), a sum of Rs 2,95,511.41 crore (excluding pensions) has been earmarked as budgetary estimates (BE) for FY 2018-19. This is 7.81 per cent more than the BE for FY 2017-18 (Rs 2,74,114.12 crore) and 5.91 per cent more than the revised estimates (RE) for the year (Rs 2,79,003.85 crore). Leave aside modernisation, the nominal increase

is unlikely to contribute even towards making up the shortages in ammunition and equipment as it is barely sufficient to allow for the annual rate of inflation.

Other budgetary parameters too show a downward trend. The allocation of Rs 2,95,511.41 crore for FY 2018-19 is 1.57 per cent of India's projected GDP for the year. It is projected to be approximately 1.60 per cent of the GDP for FY 2017-18 and was 1.65 per cent in FY 2016-17. At its peak, during the 1980s, the defence budget was 3.5 per cent of the GDP; since then there has been a steady decline.

No matter which yardstick India's defence expenditure is measured by, it is among the lowest in the world. As a ratio of the Total Central Government Expenditure (TGE), the share of defence is 12.10 per cent for FY 2018-19. In Pakistan, it is 25-30 per cent of the TGE. While India has 1.25 soldiers per 1,000 people, China has 2.23 and Pakistan 4.25.

The ratio of capital to revenue expenditure is also far from the ideal

of 50:50 (Capital expenditure is that which is incurred on new acquisitions for modernisation and the replacement of obsolete weapons and equipment plus land and buildings. The revenue budget is for expenditure on salaries, ammunition, transportation, clothing and maintenance, et al.)

Of the defence budget of Rs 2,95,511.41 crore for FY 2018-19, Rs 99,563.86 crore (33.7 per cent) is for capital and Rs 1,95,947.55 crore (67.3 per cent) is for revenue expenditure. Manpower costs take away a large chunk of the defence budget. As the army is manpower intensive (1.2 million personnel), its capital to revenue expenditure ratio is as low as 17:83.

The net effect of consistently low capital budgets is that obsolescent vintage weapons and equipment in service are degrading combat efficiency and no modernisation is taking place, particularly in the army. The worst impact is the inability to acquire precision guided munitions and to modernise the command and control and