



**MAD- 2020
SECURITY
Day - 54**

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Question:

After the recent escalation of the Sino-Indian conflict, do you think India should increase its military budget? Critically analyse.

Answer:

The recent escalation of Sino-Indian conflict along the Line of Actual Control (LAC) at the Galwan Valley has been a watershed moment, marking the nadir of diplomatic relations between the two nations and heralding the ominous possibility of further escalation.

It has become paramount for India to increase its military budget

Increasing Chinese expenditure on military -

- The Stockholm International Peace Research Institute (SIPRI) estimates that China's expenditure on its military has increased from 2.5 times that of India's in 2010, to 3.7 times India's in 2019, and reaching over four times India's military expenditure in 2015.
- This monumental difference is partly explained by the fact that while Indian military expenditure has reduced from 2.7 percent of its Gross Domestic Product (GDP) in 2010 to 2.4 percent in 2019, China's expenditure on its military has stayed largely consistent since 2010 at around 1.9 percent of its GDP.

Enormous Chinese capabilities -

- The total military personnel in China are currently estimated to be an active force of 2,183,000 and reserves of 510,000, as compared to India's active force of 1,444,000 and reserves of 2,100,000.

Lowest military budget -

- India's defence expenditure is at 1.49% of GDP, stated to be at its lowest ever. This is lower than what it was prior to the disastrous 1962 war with China. Also, large share of resources is going towards human resources costs, leaving very little for modernisation.

Skirmishes might increase in future -

- Given that China and India's borders remain unmarked, such transgressions are likely rooted in how Beijing and New Delhi have different perceptions about the extent of their territories.

Increasing threats from other quarters -

- The country is facing security threats not just from the borders with Pakistan and China, but also from the Indian Ocean Region.

Defence modernisation required -

- Transformation in defence production requires higher allocation. It is estimated that India's defence sector requires \$130-150 billion for modernisation and restructuring in order to become self-reliant in the coming decade. Promoting 'Make in India' in defence production require a proper infrastructure creation and that requires huge money.
- A low budget will act as a constraint for mega acquisition plans. Indian Army is in need of modern guns and ammunitions, combat vehicles and battle tanks.
- The Air Force is in urgent need of the latest fighter jets.

- The Navy is keen on new warships and nuclear submarines. Defence projects worth around billions of dollars are not moving due to paucity of funds
- India has high revenue expenditure leaving less space for capital expenses

But there are concerns as well

Procedural delays

- Focus continues to remain on addressing existing revenue expenditure requirements rather than allocation of capital for acquisition of new equipment.
- The multiplicity of approvals and bureaucratic delays in obtaining the approvals act as a deterrent to the inflow of foreign investment.
- As most defence equipment is procured from foreign countries, an increased capital budget would increase the defence import bill, and add to the current account deficit.
- Another important aspect is whether developing countries like India should increase their defence budget even when they have a paucity of funds for development.

Way forward

- Decisions need to be timely and procedures for acquisition should be fast-tracked.
- Financial support should be sufficient with systems which do not call for a lapse of financial resources, once allotted.
- Not just higher allocation, management of expenditure also needs a complete revamp.
- Amid the focus on prevention of potential corruption, the larger picture of timely and optimum capability development has been ignored.
- Arguably, limited leakages could still be acceptable if timeliness of delivery is achieved even as more efficient procedures are implemented.

Conclusion

National security should be government's topmost priority. The marginal increase in the defence budget barely caters for the inflation and falls well below the requirements of national security and the planned modernisation of the armed forces. Hence, the military budget should increase.