

DEFENCE FINANCE

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Defence finance, in very simple words, has been defined as application of economic principles to defence related issues. Defence finance has always been a subject of great debate between the finance and defence people – defence people wanting more and more, while the finance people wanting to give less and less out of the scarce monetary resources available – a debate between butter and guns, as some call it. To put it very simply, this is so because defence personnel tend to think of defence as detached from the overall economic health and development of the nation, and finance people think of defence expenditure without relating it to operational requirements, threats and national security. Hence, this tug of war.

Being a democracy, with civilian rule having the upper hand, unlike in military ruled or autocratic states, in all probability defence is likely to get a raw deal. Politicians and also the public at large often look at defence as a wasteful expenditure, giving preference and precedence to diplomacy as a major weapon for dispute management. But the hard fact is that every nation has to spend a certain amount of precious money on creating a credible defence and the debatable question that arises is: HOW MUCH?

One cannot say that one will spend only when the war starts and hope to produce, either indigenously or through import, one's requirements to fight that short intense war. All that will be available to fight that war will be the ammunition stock and stock of other spares available at that point in time. In

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other words, one cannot hope to develop instantaneous security. One has to develop it over the years. It is akin to preparing for a mathematics paper. One cannot hope to pass by not studying regularly and leaving everything for the last moment.

National security is a sub-set of comprehensive national power. Broadly, national power can be said to consist of economic power, conventional power and nuclear deterrent power. These are the three main constituents of national power. The other lesser determinants are landmass, natural resources and population. A nation-state which has all the three main constituents in the proper proportion can be considered a global power. The USA, Russia, European Union and China today fall into this category. India aspires to reach this status in a couple of decades.

Today, India lacks adequate economic power though she appears to be progressing well in this direction to enhance it. She is short on conventional power but with the backing of the improved state of overall finance and, consequently, adequate defence budgeting, she can expect an appreciable increase in this aspect in the future. India is notably deficient in nuclear deterrent power but our nuclear weapons and missile programmes seem to be following the right path to achieve our aspirations. The foreign exchange reserves are slowly building up and as our economy develops, realisation is dawning that India needs to spend adequately to build the other two components of power, namely, conventional and nuclear deterrence.

In the old days, defence issues were wrapped in the garb of secrecy and, hence, proposals never went to the Planning Commission like in the case of food and agriculture, railways, etc. Even today, the defence budget continues to be handled exclusively by the secretary defence, finance and defence section. The extent of credibility of our defence posture has so far been governed by the Ministry of Finance (MoF) by exercising strict control over the defence budget. Generally, the barest minimum, and perhaps much less than the affordable, budget has been sanctioned for defence by viewing defence expenditure as something which is incurred at the cost of development. The thought process has been defence or development, but now, with the kind of economic growth that India expects to have

in the future, many feel that with better management, we should be talking of defence and development instead of defence or development.

Normally, when we talk of national security, we generally refer to it as border security that is provided by the armed forces. Is this concept of security valid today or has it changed? Some feel that today economic security and energy security rather than border security matter more. And they say that this security depends on how strong the nation's economy is. They argue that the chances of a conventional war where one nation attacks another to gain territory to build subsequent bargaining power have greatly receded. Today, the world is being controlled by market forces. So it is money rather than guns that determines the national security. They argue that it is perhaps time for a paradigm shift in our concept of security. They feel that we need to shift to the cooperative security concept. Alliances, treaties, assurances and conventions can be means of ensuring low cost security. If we develop strategic partnerships in terms of trade with China, the US, Russia, etc the chances of war will reduce and so will our requirement to spend on defence. But those who oppose this thought process feel that no matter how strong a nation becomes monetarily, it will always need to spend to develop a matching conventional and nuclear deterrent to cater for unforeseen contingencies, and they say that history is replete with examples where a militarily weak nation has been dominated by a stronger one.

The questions that, therefore, arise are: "Is spending on defence a total waste of precious resources? Is defence spending a cost-effective way of negotiating threats?" Well, some feel that it is cost-effective. They say that the costs involved in conducting a war are so huge that it is perhaps more cost-effective to spend on credible defence to avoid a war – a debatable thought but one that nevertheless, has some merit. Wars devastate the economy of a country and put it back by around 10 to 15 years, so it is perhaps cost-effective to spend enough on defence on a regular basis and create a kind of credible deterrence which will help avoid wars. This argument operates on the philosophy that if war has to be deterred, then it should be made to appear like an exorbitantly and unaffordably costly affair to the adversary.

Yet another argument put forth by some in favour of spending on defence is

that credible defence stimulates economic growth. They believe that good defence capability, with safe internal security, will invite foreign investment, tourism, etc and, thus, help in improving the economy of the nation. Defence expenditure on infrastructure like airfields and roads can promote a country's economy. They also have an apprehension that cutting down on defence expenditure may not necessarily lead it into production of the national economy. Quite sadly, it may mostly get frittered away elsewhere.

When it comes to deciding how much one should spend on defence, as a first step, the government must decide about what kind of security is required against the various kinds of threats that are existing today and the kind of threats that are likely to arise in the future, and then plan towards creating the right kind of deterrence. In other words, the national objectives need to be laid down. The kind of war that a country is expected to fight, the kind of contingencies that are likely to arise in the future should be clearly defined and only then can the required capabilities be developed.

The capabilities required must also be selected after careful and indepth thought, with due consideration for the costs involved. For example, in my opinion, there is no point in spending a huge amount of money on creating an elaborately networked but horrendously expensive anti-ballistic missile air defence set-up when this threat can be negated by a much cheaper offensive defensive posture by manufacturing a reasonable number of ballistic missiles (BMs) and convincingly deterring the enemy with the threat that if he drops one missile, ten will be dropped on him to wipe him out from the map.

Similarly, buying more and more expensive aircraft or ships or main battle tanks just because the adversary is doing so may not be entirely wise. One must study and work out the most cost-effective defence against the threat and then spend intelligently towards achieving the required deterrence. An arms race is something that must be avoided because that can result in over-spending and, finally, in total collapse of the country's economic system. A classic example is the fall and disintegration of the erstwhile USSR as a result of over-spending in the nuclear arms race with the US. North Korea is yet another example which is spending too much on defence, leaving almost nothing for development. Such a

situation may finally end up in defending without having anything to defend.

Also, one has to be wise in spending the allotted defence budget. How much you are spending on defence is less relevant than how well you are spending. Proper thought has to be given to deciding the ratio of expenditure between capital and revenue. Let me give you

a very simple example of household expenditure as a corollary to defence expenditure. A poor man does not need a lock because he has nothing to protect. But as he earns more money, akin to the gross domestic product (GDP) going up, he starts spending a major chunk of his savings on acquiring capital goods. He buys a fridge, TV, washing machine, etc and then realises that he not only has to spend on a good lock for security but also the cost of maintenance of the equipment has gone up. Soon, it becomes so high, as he acquires more and more capital goods, that he finally has to spend all his savings on revenue, and has no money left to acquire new things. This sort of situation needs to be avoided. As someone has said, the ideal ratio between revenue to capital should generally fluctuate around 55 : 45. The details of the revenue to capital ratios from the Eighth Plan onwards have been listed below (Table 1). It can be seen that there has been a gradual improvement with the passage of time.

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Table 1		
Plan	Revenue	Capital
Eighth Plan	70.0%	30.0%
Ninth Plan	73.6%	26.4%
Tenth Plan	63.0%	37.0%
Eleventh Plan	52.0%	48.0%

As mentioned earlier, it is very important to spend the scarce defence money wisely and try and get the maximum bang in the allotted budget. "Maximum value for money" should be the guiding principle. Another equally important principle should be to try and effect saving in one's spending. We need to pay attention to even small issues because even small

savings in many areas can result in substantial savings overall. We must not get tied down by bureaucratic procedures. If our present procedures are not cost-effective, we must amend them. I quite like the example given by someone about the cake of soap supplied to jawans in various places. He mentioned that the cake of soap is still procured centrally in Delhi and sent to far away places where it effectively costs five times more, with the intrinsic costs of transportation, etc included, compared to the cost of the same cake of soap available locally in many places, even hard areas. This kind of thoughtless spending resulting in wasteful expenditure needs to be avoided. We need to carry out proper auditing of our expenditure and cut down on wasteful expenditure wherever possible. Earlier, defence expenditure in general and also expenditure involved in research and development (R&D) was treated like a holy cow. When its economic viability was questioned, no answers were given, under the excuse of secrecy. This kind of situation needs to be avoided. We must try and be a little more open in our approach.

Three factories of the Department of Defence Production are producing garments at a huge cost. It is said that their products are not cost-effective. Such enterprises can be privatised. Outsourcing can, thus, be a very effective way of ensuring savings in defence spending. The main reason behind outsourcing, as one would normally understand, is to have something done in a more cost-effective way – more cost-effective in terms of money or in terms of time or both. But it is not necessary that outsourcing should always result in savings, of money or time. It may have to be resorted to if one lacks the expertise in one's organisation to do what one wants done. Outsourcing could also be done in search of better quality or to off-load some of the work to free the manpower to be used for more important jobs or for downsizing the organisation, thus, effecting a saving in revenue expenditure.

Classically, the defence forces have been structured to be independent by themselves. The various combat units are required to be self-contained and self-equipped in all respects so that they are in a position to move lock, stock and barrel even with very little warning, and be able to function efficiently at the new location in the shortest possible time. Hence, outsourcing at combat unit level at times does

not seem to be practical. However, there are many other areas where outsourcing is possible.

The biggest area in which major outsourcing that can be done by the defence forces relates to the support services of administrative nature and maintenance activities. This involves transfer of certain activities which were traditionally undertaken in-house by the armed forces. Outsourcing of some of these activities, which could be done more economically by the specialised agencies

in the private sector without jeopardising their operational capabilities and compromising their security, would result in saving of money and manpower which can then be used more effectively to concentrate on their core activities. The defence Services ought to carry out an indepth study to identify areas in their respective Service which could be outsourced. Some of the areas could be as follows:

- Common User Mechanical Transport.
- Messing.
- Security.
- Logistics.
- Clothing.
- Fire-fighting Services.
- Software Algorithms.
- Base Repair Depots.
- Ordnance Factories.
- Use of COTS.
- Turnkey Projects.
- Aircraft Maintenance.
- Training.

As regards selection and acquisition of equipment, we need to be careful and ensure that we effect savings in the long run. In other words, we need to think

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strategically, holistically and comprehensively about all aspects related to the selection of the equipment. For instance, we bought the Mirage-2000 at quite a huge cost but soon thereafter, we opted for procuring the MiG-29s because per piece they were so much cheaper, only to realise at a much later date that their life cycle cost was much higher. We, therefore, need to ensure that our economics is worked out correctly before any contract is signed. Overall ownership cost including long-term maintenance cost, spares consumption, running cost, infrastructure related expenditure, overheads, transfer of technology issues, etc, need to be meticulously worked out before the contract is signed.

Related to the concept of life cycle costing, mention needs to be made about the L-1 concept which is in vogue today for vendor selection and which, in fact, defeats the spirit behind intelligent buying. Today's acquisition process, after issue of the request for proposal (RFP) and on receipt of technical and commercial proposals, involves opening of the technical proposals first and constitution of the Technical Evaluation Committee (TEC). The TEC carries out the technical evaluation and

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shortlists the vendors whose equipment meets the qualitative requirements stated in the RFP. Thereafter, the commercial proposals of the vendors who do not qualify are returned to them unopened. The commercial proposals of only those vendors who qualify are then opened and scrutinised, and the vendor who has quoted the least is awarded the contract. This is called the L-1 process of vendor selection.

The flaw in this process is that the equipment which has been quoted with the least cost may have a bigger life cycle cost and other hidden costs which come to light at a later date. The other flaw in this process is that the L-2 or even the L-3 vendor might have quoted slightly higher but his equipment might be technically superior to that of the L-1 vendor. Thus, even if a little costlier, it would make sense opting for that costlier vendor in such a case – however, the procurement policy does not permit this. To overcome this flaw, the adoption of the L1T1 concept has been suggested. This implies that a matrix be made with the help of which the

equipment could be given numerical grading on the various attributes and characteristics of the equipment under consideration, including cost, and the equipment which scores the highest, considering both cost and technology, be recommended for procurement. But this policy was not acceptable since it was felt that such a procedure could give scope for manipulation.

Purchase of the Mirage-2000 was financially a good buy considering the aircraft's performance, which was very good and the life cycle cost which was comparatively better, but it was not an intelligent deal because we did not get access to the Digibus and, hence, remained at the mercy of the French for any modifications or alterations to the aircraft weapon systems. Finally, we had to give a fair amount of money to the Israelis for carrying out upgrades to the aircraft. This aspect must not be overlooked and must be made a part of the essential qualitative requirements.

There are some people who feel that globalisation, meaning economic integration and regional economic groupings, has reduced the possibility of war. On the contrary, there are some who feel that globalisation provides for a new form of hegemonic domination by the developed over the developing.

Well, I would like to think that certain changes have certainly come about in the global environment that necessitate corresponding changes in our thought process. Tomorrow's war will not be fought on the international border. It will either be of asymmetric nature, fought within the borders in the form of internal disturbances or by executing decisive massive surgical strikes deep inside, on the country's nerve centres, also referred to as centres of gravity. But regardless of what form it takes, one thing that is certain is that we will need to create credible defence and deterrence to safeguard our interests and this can only be achieved by spending appropriately on creating the required capabilities.

It is often argued that what is the point in giving more money when the defence forces cannot spend even what is presently allotted to them, and at the end of the financial year, surrender a fair amount of money? This argument, though not baseless, is not entirely correct. The bureaucratic procedures of procurement are so complex and lengthy that mostly it takes well over two years for the procurement of even simple equipment. Probity and transparency perhaps are instrumental for

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this delay. This is one price we have to pay for being a vibrant democracy. However, one commendable step that the Ministry of Defence (MoD) has taken is to replace the old beleaguered system of file movement with the Defence Procurement Procedure 2006 (DPP-06). The objective of this procedure is to ensure expeditious procurement of the approved requirements of the armed forces in terms of capabilities sought and time-frame prescribed by optimally utilising the allocated budgetary

resources. It lays down comprehensive policy guidelines for all concerned. No files are now required to be circulated. Instead, all procurement cases are considered by the Services Capital Acquisition Plan Committee, Defence Procurement Board (chaired by the defence secretary) and Defence Acquisition Council (chaired by raksha mantri). These committees meet on a monthly basis or even more often, on an as required basis. With the implementation of DPP-06, the procurement time is certainly expected to reduce considerably.

Defence planners have always been kept in the lurch by the MoF by not sanctioning the budget till quite late. In some cases, the budget has not been sanctioned till the plan has gone through almost half way. The sanction details of the plans are as follows:

- The Sixth Plan (1980-85) was approved by the Cabinet Committee on Political Affairs (CCPA) on August 15, 1982.
- The Seventh Plan (1986-90) was approved in August 1988.
- The Eighth Plan (1991-95) had to be rescheduled from 1992 to 1997 due to the Gulf War, but it never got approved.
- The Ninth Plan (1997-2002) was approved by the Cabinet Committee on Security (CCS) in December 1997.
- The Tenth Plan (2002-07) remained under discussion with the MoF till December 2004 when a revised plan projected by the MoD was finally agreed to by the MoF.

As regards the Eleventh Plan (2007-12), the details are as follows:

- Process initiated in February 2005 by HQ IDS (Headquarters Integrated Defence Staff).
- Integrated plan has been oriented towards 'capability' development instead of the 'equipment' fixation.
- LTIPP projection - Rs. 8.10 lakh crore.
- Revised to Rs. 6.99 lakh crore as per reduced availability indicated by the MoF.
- Further refined to Rs. 6.45 lakh crore and approved by raksha mantri (RM) in July 2006.
- Proposed average annual growth : revenue - 8 per cent, capital - 16 per cent and overall - 12 per cent.
- Still under consideration of the MoF. Nine months of first plan year already completed.

Besides delaying the sanction of plans, the MoF does not give any indication of how much would be the allocation for the forthcoming year/plan, forcing defence planners to resort to 'blind' planning. Under such circumstances, defence planning has generally been done based on an ad hoc figure of the previous allotment + inflation + certain meagre amount of increase. Correctly speaking, a practical "threat-based plan" should have been prepared with no reference to earlier allocations and then letting the MoF draw the line as per finance available, thus, taking the responsibility for the consequent inadequacy in security. Over the years, defence has made the mistake of cutting down the plan voluntarily instead of forcing finance to do so which has resulted in the MoF making less and less allocations.

Now that the economy is looking up, the MoF can afford to give more clarity and assurance in allocation of the defence budget. This "in-principle" assurance can be given by telling the armed forces that the forthcoming budget will be a certain fixed percentage of the expected GDP or it could be stated as a fixed increase over the previous budget.

Table 2 shows the increment in terms of percentage with respect to the previous year's budget and it can be seen that it averages to nearly 13 per cent.

Table 3 shows the defence budget as a percentage of the GDP and it can be seen that generally it has been less than 2.5 per cent, averaging to about 2.3 per cent.

Table 2		
Year	Budget (Rs. in crores)	Increment (%age)
91 - 92	16,347	-
92 - 93	17,582	7.55
93 - 94	21,845	24.25
94 - 95	23,245	6.41
95 - 96	26,856	15.53
96 - 97	29,505	9.86
97 - 98	35,278	19.57
98 - 99	39,898	13.10
99 - 00	47,071	17.98
00 - 01	49,622	5.42
01 - 02	54,266	9.36
02 - 03	55,662	2.57
03 - 04	60,066	7.91
04 - 05	75,856	26.29
05 - 06	80,800	6.52
06 - 07	89,000	6.44
		Average 11.90 %

Table 4 shows year-wise data of what the future budget can be, based on 12 per cent and 15 per cent increase with respect to the previous year's budget. It also shows how much percentage of the GDP the yearly incremented budget amounts to. The starting point is the budget of 2006-07 which was Rs.86,000 crore (Revised Estimates), the GDP was Rs. 4,100,600 crore, amounting to 2.10 per cent of the GDP. The estimated GDP growth till 2021-22 has been taken as 8 per cent yearly increase, with 5 per cent inflation.

From Tables 3 and 4, it can be seen that with 12 per cent increase over the previous year's budget, the defence budget as a percentage of GDP drops steadily from 2.10 per cent in 2006-07 to 1.84 per cent in 2021-22. Even with 15 per cent assured increase over the previous year's budget, the percentage of GDP of the defence budget steadily increases from 2.10 per cent in 2006-07 to 2.73 per cent in 2021-22. Thus, it can be seen that the defence budget will not cross 3 per cent of the GDP figure even if the MoF gives an assurance of 15 per cent increase over the previous year's budget for planning purposes. In fact, this percentage

Table 3			
Year	Budget (Rs in crores)	GDP (Rs in crores) (at market prices)	Percentage of GDP
1991-92	16,347	6,53,117	2.50
1992-93	17,582	7,48,367	2.35
1993-94	21,845	8,59,220	2.54
1994-95	23,245	1,01,2770	2.30
1995-96	26,856	1,18,8012	2.26
1996-97	29,505	1,36,8209	2.16
1997-98	35,278	15,22,547	2.32
1998-99	39,898	1,74,0985	2.29
1999-00	47,071	1,95,2035	2.41
2000-01	49,622	2,10,2375	2.36
2001-02	54,266	2,28,1058	2.38
2002-03	55,662	2,45,8084	2.26
2003-04	60,066	2,76,5491	2.17
2004-05	75,856	3,12,6596	2.43
2005-06	80,800	3,56,7177	2.27
2006-07	86,000	4,10,0600	2.10
Average			2.32

will drop further since the considered growth of GDP in the calculations is taken as a modest figure of 8 per cent, with inflation rate of 5 per cent. In reality, GDP growth is expected to be higher.

Table 5 shows the growth rate in the revenue budget over the previous years vis-a-vis the inflation in that year. It can be seen that during certain years, the inflation has been higher than the increment in the allocation of the revenue budget.

Some of the finance experts have made public statement that if the economy grows at 8 per cent, we will have enough money for development and we will be able to spend 3 per cent of our GDP on defence in five years or so. Some others have said that India will become a credible nation only if it grows at 8 per cent and spends 4 per cent of the GDP on defence for the next 10 years. Well, the above tables show that with the increment in the defence budget

With the increment in the defence budget allocation averaging around 13 per cent in the last decade, we still have telling gaps in our security stature.

Table 4 (Rs. in crores)

YEAR	GDP	12% Increase	%AGE of GDP	15% Increase	%AGE of GDP
2007-08	46,33,678	96,320	2.08	98,900	2.13
2008-09	52,36,056	1,07,878	2.06	1,13,735	2.17
2009-10	59,16,743	1,20,824	2.04	1,30,795	2.21
2010-11	66,85,920	1,35,323	2.02	1,50,415	2.25
2011-12	75,55,090	1,51,561	2.01	1,72,977	2.29
2012-13	85,37,251	1,69,749	1.99	1,98,923	2.33
2013-14	96,47,094	1,90,119	1.97	2,28,762	2.37
2014-15	10,90,1216	2,12,933	1.95	2,63,076	2.41
2015-16	12,31,8374	2,38,485	1.94	3,02,537	2.46
2016-17	13,91,9763	2,67,103	1.92	3,47,918	2.50
2017-18	15,72,9332	2,99,155	1.90	4,00,106	2.54
2018-19	17,77,4145	3,35,054	1.89	4,60,122	2.59
2019-20	20,08,4784	3,75,260	1.87	5,29,140	2.63
2020-21	22,69,5806	4,20,292	1.85	6,08,511	2.68
2021-22	25,64,6261	4,70,727	1.84	6,99,787	2.73

allocation averaging around 13 per cent in the last decade, we still have telling gaps in our security stature. If we want to become a “regional power,” then we have no choice but to step up our GDP and expenditure on defence. It will, therefore perhaps be a good idea for the MoF to give an assurance to the MoD of 15 per cent increase every year over the previous year’s budget for making our annual, five - yearly and Long-Term Integrated Plans (LTIP) in a more meaningful way.

Table 5

Year	Growth Rate Inflation	(Revenue)
2000-01	5.74	7.2
2001-02	2.20	3.6
2002-03	6.96	3.4
2003-04	6.13	5.5
2004-05	3.82	6.5
2005-06	8.05	4.7
2006-07	6.35	6.0
Average	5.60	5.35

DETAILS OF 2006-07 BUDGET

The overall budget for the three Services in 2006-07 was Rs. 89,000 crore as against projected Budget Estimates (BE) of Rs. 96,000 crore which was 2.10 per cent of the GDP. At the Revised Estimate (RE) stage, it was reduced to Rs. 86,000 crore. The details are as follows (Table 6):

Table 6			
2006-07 Total Budget Allocation (Rs. in crores)			
Service	Revenue	Capital	Total
Army	32,298.64	10,399.47	43,604.61
Navy	6,713.18	94,27.85	16,219.63
Air Force	9,858.41	15,006.50	25,093.86
Others	2,671.77	2624.18	4,081.90
Total	51,542	37,458	89,000

DETAILS OF 2007-08 BUDGET

The budget for 2007-08 totals to Rs. 96,000 crore as against last year's Rs. 89,000 crore and actual spending of Rs. 86,000 crore. The 2007-08 budget is 14.11 per cent of Central Government Expenditure and 2.08 per cent of the GDP. Increase over last year's budget: Revenue 4.92 per cent, Capital 11.92 per cent and Overall 7.87 per cent. Percentage of distribution between the Services: army 48.77 per cent, navy 18.34 per cent, air force 28.39 per cent and R&D 6.13 per cent.

Table 7			
2007-08 Total Budget Allocation (Rs. in crores)			
Service	Revenue	Capital	Total
Army	34,086.76	11,634.18	46,828.44
Navy	69,68.25	10,561.19	17,611.30
Air Force	1,01,93.01	16,828.73	27,259.09
Others	28,29.98	28,97.90	4,301.17
Total	54,078	41,922	96,000

CONCLUSION

In conclusion, it can be said that defence finance is nothing but application of economic principles to defence related issues. To ensure that proper planning is done, a lot of integration and joint work is required not just between the

individual Services, IDS and MoD but also between the MoD and MoF. As has been highlighted, the MoF today is quite unaware of the futuristic threats and the capabilities ladder that the defence forces need to climb to counter these foreseeable threats and achieve regional or global status. As a result, they remain tight-fisted in allocating the required budget projected by the Services. That besides, sanctioning of the budget is also unduly delayed, leaving the Services in the lurch. This upsets not only the planning process but also the expenditure pattern.

The Ministry of Finance must seriously consider giving assurance to the defence forces that they will get an annual increment of at least 15 per cent over the previous year's budget. Only then will the defence forces be able to do meaningful planning towards capability build-up. If India hopes to attain the status of at least a regional power, the mistakes made by us need to be rectified post haste, and considering that our economy is galloping, we need to simultaneously enhance our national power by creating strong and credible defence forces adequately backed by nuclear, biological, chemical (NBC) capabilities. We now should be talking of defence and development instead of defence or development.

As far as the defence forces are concerned, they must ensure that they spend the allotted budget wisely and try and get the maximum bang in the allotted budget. They must take a holistic view of the equipment to be procured and consider all aspects of its journey from womb to tomb, including disposal and life cycle costing. They need to also seriously consider outsourcing some of their requirements to effect savings.

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