

INDIA'S 76 BILLION USD DEFENCE BUDGET

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



Image Source: *Air Power Asia* ¹

Introduction

India's defence budget for the Fiscal Year 2022-2023 is likely to be around 80 billion USD, surpassing that of the United Kingdom and Russia.² According to the *Stockholm International Peace Research Institute (SIPRI)*, the Indian defence budget will be more than 76.5 billion USD and is estimated to be the third largest in the world only behind the United States and China with 773 billion USD³ and 229 billion USD,⁴ respectively.⁵ However, SIPRI indicated the figures to be 801 billion USD and 293 billion USD, respectively.⁶ According to the *International Institute of Strategic Studies (IISS)*, currently, India has more than 1.4 million active troops with an additional 11 million reserve military personnel. Further, it has around 2.6

¹ "Defence Budget – How Much India Must Afford," *Air Power Asia*, October 9, 2020, <https://airpowerasia.com/2020/10/09/defence-budget-how-much-india-must-afford/>.

² Diego Lopes da Silva et al., "Trends in World Military Expenditure, 2021," *Stockholm International Peace Research Institute*, April 2022, https://www.sipri.org/sites/default/files/2022-04/fs_2204_milex_2021_0.pdf.

³ "The Department of Defense Releases the President's Fiscal Year 2023 Defense Budget," *U.S. Department of Defense*, March 28, 2022, <https://www.defense.gov/News/Releases/Release/Article/2980014/the-department-of-defense-releases-the-presidents-fiscal-year-2023-defense-budg/https%3A%2F%2Fwww.defense.gov%2FNews%2FReleases%2FRelease%2FArticle%2F2980014%2Fthe-department-of-defense-releases-the-presidents-fiscal-year-2023-defense-budg%2F>.

⁴ Jon Grevatt and Andrew MacDonald, "China Increases 2022 Defence Budget by 7.1%," *Janes*, March 7, 2022, <https://www.janes.com/defence-news/news-detail/china-increases-2022-defence-budget-by-7.1>.

⁵ Silva et al., "Trends in World Military Expenditure, 2021."

⁶ Ibid.

million paramilitary forces which are primarily tasked with border security and to fulfil domestic needs. It is worthy to note here that during the Fiscal Year 2020-2021, the Indian Defence Budget was almost 73 billion USD and in less than two years, it has witnessed a hike of almost 4 billion USD.⁷ It is worthy to probe this increasing defence budget, especially during the times of Covid-19 and its devastating impact on India. Since January 2020 till date, more than half a million people have perished of the virus and still the international community is fearing the death rate to be much higher than the Indian government's official numbers.⁸ However, the Indian government seems ambitious in increasing its defence budget at the cost of the wellbeing of its citizens.

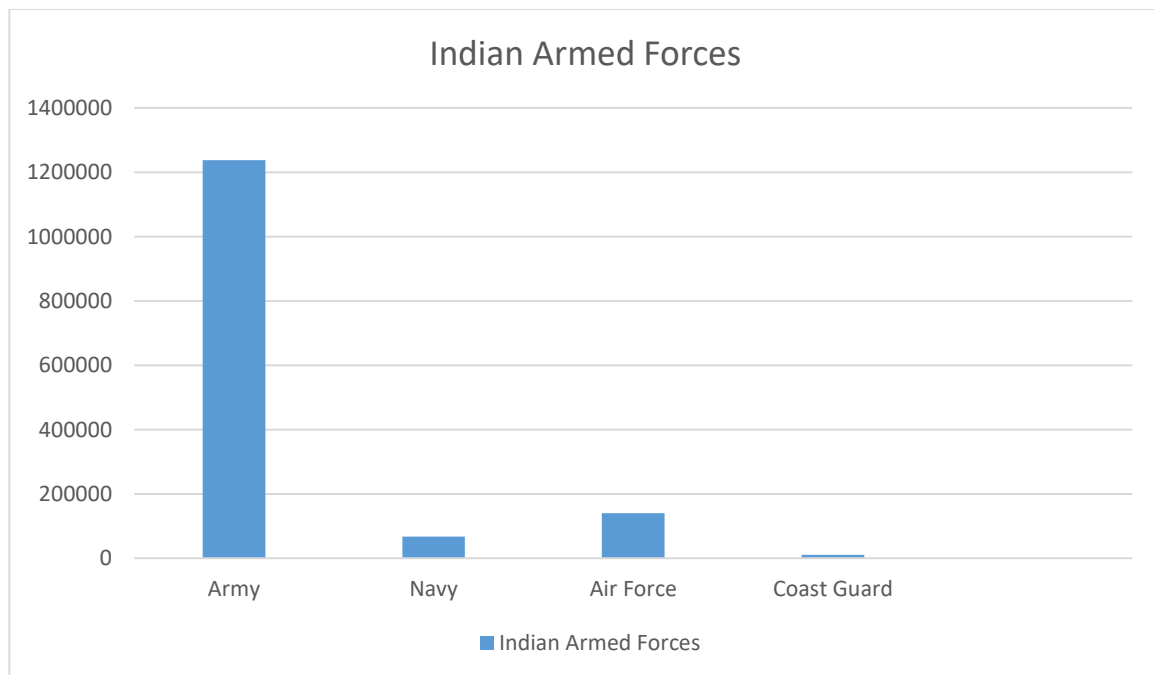


Figure 1: The composition of the 1.4 million personnel of the Indian Armed Forces.

⁷ "At \$76.6 Bn, India's Military Spending Third Highest in World: SIPRI Report," *Business Standard*, April 26, 2022, https://www.business-standard.com/article/current-affairs/at-76-6-bn-india-s-military-spending-third-highest-in-world-sipri-report-122042500616_1.html.

⁸ "India: WHO Coronavirus Disease (COVID-19) Dashboard With Vaccination Data," *World Health Organization*, September 7, 2022, <https://covid19.who.int>.

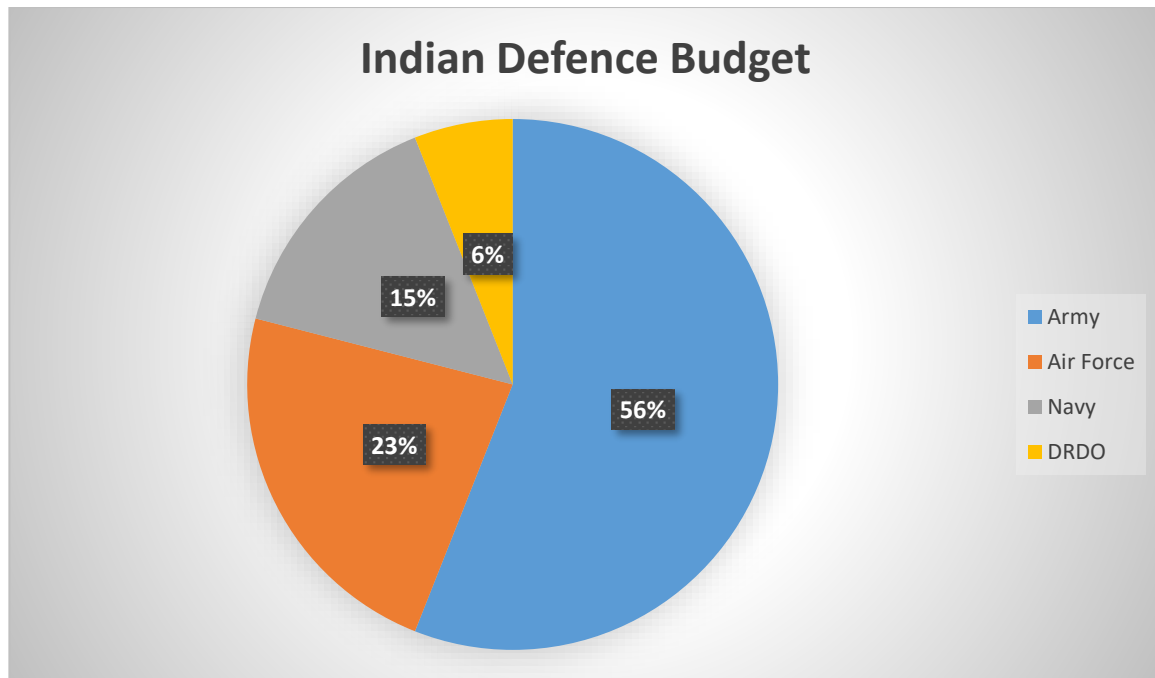


Figure 2: The allocation of Indian Defence Budget to each branch of the armed forces.

Analysis and Afterthought

The Indian Prime Minister Narendra Modi's "*AtmaNirbhar Bharat*" (Buy and Make in India or self-reliant India) is a desperate initiative to make India self-reliant, especially making it less dependent on the foreign arms and equipment. In this regard, *Tata* and *Mahindra & Mahindra* are playing a vital role to achieve the indigenisation drive.⁹ In his recent speech to mark India's 75th Independence Day, PM Modi hoped to make India a lot better through economic development by 2047. He argued that "I urge youth to dedicate the next 25 years of their lives for the nation's development." He also stated 5 pledges to realise this dream for a developed India, and by "removing any sign of servility, pride in heritage, unity and fulfilling our duties."¹⁰

Since Modi's ascent to power, he is giving special attention to the ever-growing needs of the Indian armed forces by allocating more defence budget. He seems convinced that a developed India could only be possible if its armed forces are strong and are capable of responding effectively to all threats to national security – foreign and domestic. For instance, in the aftermath of the humiliation faced by India in February 2019 when Pakistan shot down 2 Indian MiG-21 fighter aircrafts, PM Modi was

⁹ For a detailed account on India's Indigenisation, please see: Muhammad Ali Baig, Hamid Iqbal, and Syed Sabir Muhammad, "India's Indigenization and Modernization of Defence and Military Technology: Strategic Ramifications for Pakistan," *Global International Relations Review* 1, no. 1 (2018): 8–26.

¹⁰ "PM Modi's Independence Day Speech: Key Points," *The Times of India*, August 15, 2022, <https://timesofindia.indiatimes.com/india/pm-modis-independence-day-speech-key-points/articleshow/93564760.cms>.

quick to lament the delayed delivery of French-built Rafale omni-role fighter aircrafts.¹¹ He was adamant of the operational capabilities of Rafale and was fully confident that the outcome of the air battle would have been entirely different had the Indian Air Force acquired the said jets earlier.

More Budget, More Capabilities?

While keeping in view the Bofors Guns Scandal involving the Indian officials and Swedish defence manufacturer Bofors, it is hard to assume that the acquisition of more capable equipment could transform the armed forces into having enhanced operational capabilities. It is worthy to argue that besides India's acquisition of Su-30 MKI fighter aircrafts from Russia, it exhibited a hollow response to Pakistan's Operation *Swift Retort* in February 2019 and could not overwhelm the attacking Pakistani JF-17 *Thunder* fighter aircrafts.¹² Also, the Indian defence policy makers showed great enthusiasm in erecting a Mountain Strike Corps in 2013; however, almost a decade later it is nowhere to be found.¹³ Further, where did the Mountain Strike Corps vanish when the Chinese overpowered Indian armed forces in the rugged and mountainous terrains of Doklam and Galwan Valley.

Why was the Indian Army given preference?

Out of the almost 80 billion USD, the Indian Army was chosen to be allocated 56 percent, amounting to around 45 billion USD. The army has more than 1.2 million active troops and such an allocation of funds seems realistic. However, it was argued that an intense inter-services rivalry among the uniformed services of the Indian armed forces was responsible for the lack of jointness in operations and the Indian Army wanted a dominating role over the other branches. It was also noted that the army desired the air force and navy to have a secondary and supportive roles, where they could have little autonomy to conduct independent operations.¹⁴ In hindsight, despite PM Modi's desire of acquiring Rafale fighter aircrafts and strengthening the air force and navy, the majority allocation of the defence budget for the Indian Army tells an entirely different story.

¹¹ "The Rafale: Omnirole by Design," *Dassault Aviation*, 2019, <https://www.dassault-aviation.com/en/defense/rafale/omnirole-by-design/>.

¹² "PAF's Operation Swift Retort - Feb 27 Continues to Haunt IAF," *Daily Times*, February 27, 2022, <https://dailytimes.com.pk/892466/pafs-operation-swift-retort-feb-27-continues-to-haunt-iaf/>.

¹³ Kapil Patil, "India's New Mountain Strike Corps: Conventional Deterrence," *The Diplomat*, August 8, 2013, <https://thediplomat.com/2013/08/indias-new-mountain-strike-corps-conventional-deterrence/>.

¹⁴ Walter C. Ladwig III, "A Cold Start for Hot Wars? The Indian Army's New Limited War Doctrine," *International Security* 32, no. 3 (Winter 2008): 158–90.

However, regardless of the Indian defence budget going towards any branch of its armed forces, such strategic initiatives could disturb the fragile strategic stability in South Asia and could lead towards a renewed arms race beyond that.

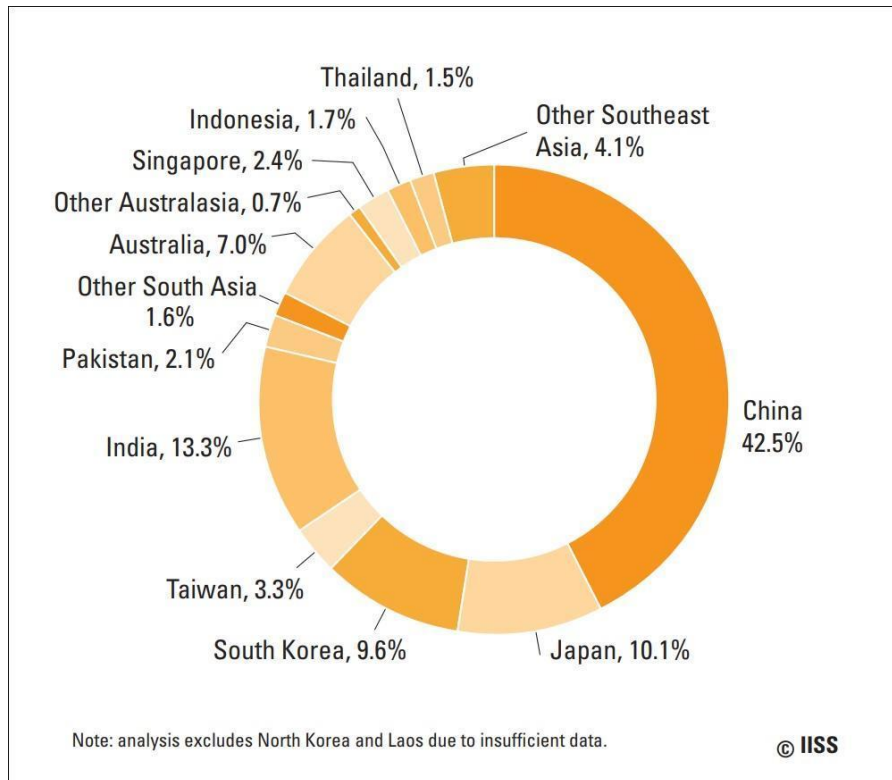


Figure 3: In Asia, India is the 2nd largest country spending on defence.¹⁵

Conclusions

For the past decade, India's military spending has grown at a soaring pace of 9 percent per year and such spending has significantly enhanced its military capabilities.¹⁶ However, following the latter, it is unclear whether India is seeking power or security. In any case, the intentions of Indian policymakers remain uncertain – could contribute towards instability or security dilemma for the regional states.

Indeed, it is a misery that currently India is spending a total of almost 3 percent of its Gross Domestic Product (GDP) on defence only. Such a huge amount could be used amicably for the development purposes which could have a positive impact on India and the region as well. Resultantly, the large sum spent on Indian defence would have an inevitable impact on Pakistan's defence spending, as Islamabad cannot remain passive to such developments. The Indian PM Modi's wish of making India

¹⁵ *The Military Balance 2022* (London: The International Institute for Strategic Studies, 2022), 229.

¹⁶ "India's Defence Spending in 7 Charts," *The Times of India*, January 30, 2021, <https://timesofindia.indiatimes.com/india/indias-defence-spending-in-7-charts/articleshow/80600625.cms>.

a developed country in the decades to come is understandable. However, history reveals that no nation can develop and prosper in isolation, while having hostile relations with its immediate neighbours. PM Modi's dreams of a prosperous India could only become reality if he abandons regional hegemonic ambitions and adopts a policy of economic connectivity.

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