



THE CENTRE FOR SECURITY STUDIES



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CSS Online Lecture Series

INDIA'S MILITARY MODERNISATION

THE ISSUES IN PLANNING,
BUDGETING, INDUSTRY AND
PROCUREMENT
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11:00 AM

10th October 2020



Speaker Bio

DR. LAXMAN KUMAR BEHERA

Dr. Laxman Kumar Behera is an associate professor at the Jawaharlal Nehru University and a former research fellow at the Institute of Defence Studies and Analysis. He specialises on issues related to Arms Procurement, Defence Offsets, Defence Industry, Military Spending, and Export Control. Dr. Behera has authored numerous policy-relevant research publications. His book *Indian Defence Industry: An Agenda for Making in India* provides a comprehensive analysis of India's evolving arms manufacturing sector. Dr. Behera has given numerous talks on defence, security and finance related issues in prestigious training and academic institutes, including College of Defence Management, National Academy of Defence Production, National Institute of Financial Management and Indian Institute of Management Bangalore. Dr. Behera was closely associated with several high level Committees set up by the Ministry of Defence to examine Defence Acquisition and Defence Expenditure. He worked as a Consultant to the Taskforce on Defence Modernisation and Self-reliance, constituted by the National Security Council Secretariat. The Report, presented to the Prime Minister, had been the basis for several reforms carried through the Defence Procurement Procedures (DPP). He has been part of three IDSA study teams that prepared reports for the Seventh Central Pay Commission; Expenditure Management Commission, Ministry of Finance; and Director General (Acquisition), MoD.

INDIA'S MILITARY MODERNISATION

The Issues in Planning, Budgeting, Industry and Procurement.

About the event

On the 10th of October, 2020, Dr. Laxman Kumar Behera, associate professor at Jawaharlal Nehru University and a former research fellow at the Institute of Defence Studies and Analysis was invited as a guest speaker for an informative and interactive online session organised by the Centre for Security Studies (CSS) at Jindal School of International Affairs. The session mainly focused on India's military might and if it was modernising at a desired rate considering evolving challenges within its vicinity. Professor Laxman, through his nuanced understanding of India's military arsenal provided insight on issues that hinder Indian military's modernisation process and proposed strategic as well as some structural changes to further accelerate the continuous process that modernisation is. Finally, with the enthusiastic participation of students, the session became an overall success.

Highlights and Insights

India occupies a unique geopolitical position, evident through growing tensions at the borders especially with nuclearised neighbours, China and Pakistan that constantly demands for Indian military to be active and modernise at a faster pace. Apart from the ever present conventional threats, India deals with terrorism perpetrated by external actors as well as internal actors with insurgency in the north-east, terrorism in the hinterlands and growing left wing extremism. Additionally, the need for India to be mindful of non-traditional threats as the world faces the COVID pandemic has become apparent.

With such challenges at hand, a strong armed force in terms of manpower, a given in India's case as it has the second largest army in the world, India also needs to rapidly modernise its defense strategy in planning, budgeting, industrial and procurement terms. As the issues surrounding mentioned domains became more apparent as the discussion progressed, the need to understand the term 'modernisation' also became imperative. Dr. Behera defined modernisation of the military in terms of non-metal and metal equipment based development. While the former includes evolution of policy, leadership and educational

resources, the latter, more importantly, includes upgradation and development of modern equipment for the army, navy and air force alike. Dr. Behera furthered this understanding in India's context by proposing and answering questions that more clearly laid out India's current approach to military modernisation. He stressed on the need for a stronger, and uniform planning process. Additionally, he stated, India has to focus on becoming self reliant in producing defense equipment. This would further protect India's national interest as defense procurement is linked to foreign policy and factors in advancement of national interests. For instance, Dr. Behera noted, the United States had imposed sanctions on India after India conducted its first nuclear tests in 1998.

Defense planning requires more reformation as many notable issues, for instance, 'too ambiguous' or shortsighted objectives of political leaders while planning, problems of resource management and allotment. Furthermore, lack of a holistic and a unitary approach within different wings of the Indian military are some reasons for the stagnant planning process the session had addressed. However, Dr. Behera noted significant changes after the election of the current central government, several changes including but not limited to the inception of the defense planning committee in 2018 to encourage a comprehensive model of planning for the armed forces as well as some other consequential budgetary changes. Upon the crucial aspect of military expenditure, Dr. Behera explained, that for the fiscal year of 2020-2021, the government of India dedicated 6.7 Billion dollars to the defence budget, i.e. 2.1% of the GDP therefore, he asserted, Indian government should look out for an increase in taxation policies and improvement through other fiscal reforms. Additionally, it should further consider using the available resources more judiciously. He highlighted an increase in defense expenditure on pensions which has gradually gone upto 41% of the total expenditure. This has caused other equipment maintenance related monetary concerns as the store budget of the acquired equipment has been relatively underfunded which has other unavoidable implications to national security as whole.

In terms of defense procurement, transparency in acquisition of equipment has improved structurally with the Defence Acquisition Council and procedurally through the well articulated Defense Acquisition Procedure (2020). Despite such measures, Dr. Behera noted, some largely overlooked concerns remain that call for further reforms. For instance, he recalled the Rafale procurement, which began in 2002 and was signed 16 years later to be an example of the mentioned oversight. This unideal scenario is also notably fuelled by changing leaderships and with it, changing approaches to such decisions. More importantly, to India's disadvantage at various levels, Dr. Behera shifted focus towards lack of self reliance, or lack of reliance on domestic industry for defence equipment and

heightened reliance on imports from other countries. Increase in self reliance would mean independence from relying upon other countries for defense equipment for a country like India.

For the above mentioned reasons, Dr. Behera concluded his analysis of India's military modernisation process by reiterating the role of reforms and the need for modernisation by assessing the current outlook of the government towards the same. He stated, India is aware of the problems but the reforms are lost in translation to tangible policy changes. India has the infrastructure and the manpower to efficiently counter the problem of self reliance with nine Defense public sector undertakings (DPSU) and forty-one ordinance factories (OF). However, infrastructure has not translated into equipmental gains as India still holds the title of the largest arms importer in the world. However, he mentioned the reforms under the current government and government's growing interest in modernising the industry through projects like 'Make in India', 'Atmanirbhar Bharat Abhiyan' which constitute reforms of DPSUs, corporatization of OFs and inclusion of domestic procurement friendly procedures. Towards the end he concluded the session by stating that reforms are underway but much more has to be done in terms of modernisation of the military for increased benefits in the long run.

The session was concluded by an informative question-answer round wherein attendees asked Dr. Laxman Behera the following questions as he addressed them with more insight on the theme of the session.

Ques 1. Is India recruiting an appropriate amount of Engineers and Technicians with the capability to do pioneering work? Where exactly is the lacuna w.r.t. defense research?

Ans. The 'Rama Rao committee' constituted to improve DRDO labs, determined in their report that DRDO is facing severe personnel quality related issues. Majority of the workforce do not have the appropriate qualifications to be scientists. There is a significant issue w.r.t the manpower problem. One reason could be that DRDO, a part of the Government of India, is unable to attract the best minds of the nation at prices they actually deserve. In private sectors, recruitment is comparatively easier. Infact, capable scientists prefer to pursue careers outside the country. Quality has been a problem but I am unsure of how to best tackle it as long as DRDO is under the GoI and set up within government constraints as the head of DRDO is responsible for recruitment of the staff.

Ques 2. We have seen that the space sector is privatised as in the case of the ‘Antriksh’ arm of ISRO. Can there be a similar arrangement for the ordinance strategy board, given its importance as an institution?

Ans. *Antriksh is a corporate entity of ISRO to market the space technologies to both internal and most external customers. The similarities between ‘Antriksh’ and what the government is proposing now for the ordinance sector is corporatisation. ‘Antriksh’ is a corporate company of the government department that ISRO is. Government companies are independent, however in India’s case they are not completely independent but on paper, in the companies act, it is detailed that the government has stakes in such companies but they are not entirely managed by the government, there is a difference there. So, in my opinion, the question of employees raise because if the ordinance sector becomes a corporate entity, it will lose the ‘Government of India’ tag. Government jobs guarantee some perks which won't progress further in such a scenario. There would be a tremendous amount of resistance over the same and in itself this will be a lengthy process.*

Ques 3. Considering that India might be in a position of two front war with China and Pakistan, what would be the operational cost of the military shifting required and can India currently meet the operational requirement?

Ans. *Presently, India is not anticipating a war against the coalition of china and pakistan. The planning and modernisation process has been underway for a long time and India has been preparing for two front war defense capabilities. In my opinion, there will not be a full fledged war. In terms of equipment, India is prepared in terms of facing Pakistan but India may be disadvantaged against China in terms of China's per equipment capability. However, India has a tactical advantage through geography and is therefore capable of inflicting damage on china. In terms of manpower, India is quite adequate. I don't believe this is a question of operational cost as in such situations mobilisation of resources becomes a priority. There is no shortage of funds and other operational concerns are not a problem. In case of extraordinary circumstances of war, India will be able to utilise its resources well.*

Ques 4. Professor Behera mentioned that China has been much more successful in terms of military modernisation and self-sufficient. What has China done differently for this to be true and is there anything India can pick up and adopt from China’s case?

Ans. Many are inclined to follow the Chinese model, however, in my opinion, a democratic country like India cannot simply adopt such a model. Although in China too, arms companies are under governmental control, yet, for all practical purposes they are a private company with the freedom to fire, hire and acquire.

One lesson India can learn from China is the political direction of its planning process. Which seems to be missing in India's case when conventional arms are concerned. India buys conventional arms when they are available, it chooses to purchase and then further develop it. In my opinion, this is where the role of political leadership becomes important. Hypothetically, if the Prime Minister of India decides to develop something in the country, it will be followed through. This quality is missing from India's approach and is present in the Chinese approach. This catalytic factor of political support and leadership includes commitment from political leaderships to develop domestically, something India is capable of but lacks motivation to do so.

Ques 5. Since it's evident that China possesses the most potent military threat to India given its advantage over India in missile and military hardware along with the increased strategic engagement between Pakistan and China, the probability of India confronting a two-front war has increased. What according to you should be India's policy priority? Should it focus on maximising indigenous production or should it focus on ensuring availability of quality defense equipment?

Ans. Any one country should not simply wait for arms to be domestically produced in order to acquire it therefore, commanders have been given the power to scout appropriate resources at all times. Indigenous production is a long term process that countries have to continuously work upon. However, the ideas of India being self-sufficient in everything is lacking in defense. Immediate priority should be to fulfill the needs of armed forces right now and domestic production should be a long term goal.

Ques 6. What is the feasibility of having such a large standing army in number if it limits the modernisation of the forces, especially, in the beginning of modern forms of warfare which is not solely dependent on manpower?

Ans. India needs a large army due to its border disputes but the definite number of personnel itself is another academic discussion on how big should be the Indian army. We should have a holistic outlook towards it and understand it with the right mix of man and missile. I do believe the number can be cut down a bit because it is affecting the modernisation process for the military.

Ques 7. Since Funding is an issue, should India focus on military modernisation or strategic partnerships? What would better concern India's security?

Ans. *India cannot, yet match China's defense budget therefore, India has to focus on both strategic and military modernisation partnerships. However, India has to fight its own battles as it cannot depend much on strategic partnerships.*