

Political Parties and India's Defence Expenditure in 80s

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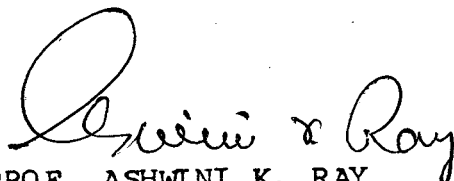



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DECLARATION

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any other University and is her own work.

We recommend that this dissertation may be
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INTRODUCTION

Defence expenditure, as an index of a country's perception of external threats, is one of the most neglected subject in public discussion in India. India is a developing country with limited resources, but spending a huge amount of money for the cause of security. The expenditure on defence have been increasing rapidly in 80s. It increased from Rs. 1199 crores in 1970-71, to Rs. 5021 crores by 1982-83, Rs. 13341 crores in 1988-89, Rs. 14500 crores in 1989-90. This has constituted between 16-21 percent of the annual central expenditure.

Defence of a country is a very sensitive issue which needs careful planning and proper debate and discussions. But unfortunately, every year, every budget speech in Parliament provides a laconic one line justification: "That there can be no jeopardising the nation's security".

Even after four decades of independence India is facing the same problem as it had in her colonial days. In spite of modernization and development in each and every sphere of life, we have been facing the same old tradition inherited from the days of the British, when Indians were not considered to be trustworthy enough to be kept informed on matters of defence. Almost every thing

important relating to defence is treated as confidential. Our neighbouring countries are well informed about India's defence preparedness than our public. This leads to monopoly of ruling party on the matter of defence which always manages to spend a lot of money for the Armed forces.

Another reason for inadequate interest and discussion about defence outside the Governmental circles is that there are few persons outside the armed services who are genuinely knowledgeable about matters of defence. There are few members of Parliament and ex-servicemen who have any genuine and adequate defence background. Defence is a very neglected area of discussion and public participation. This has adverse implications for our democracy. Discussion is also essential for improving public policies on defence. For example environmental policies have considerably improved in recent times because there is popular involvement on this. But the problem of defence has not elicited similar response.

The central point of focus here is that, defence should not be considered as a 'holy-cow'. There are lot of controversies and debates regarding defence and development. But choice should not be either towards more guns, for better secured world, or more butter, for more development process. Defence and development

should be treated as not mutually competitive, but as complementary. The need of defence is to cut the fat without hindering our security perspective so that one can save enough for development. It would be very dangerous to be on either extreme of such an issue.

It may also be noted that, India's defence expenditure even now constitutes less than 4 percent of her GNP. This is relatively not very high, the comparative figure for Pakistan having been 6.1% and that of the USA is 7.4%. But the question is whether it is justified to have always a reactive policy vis-a-vis with one neighbour on matters of defence expenditure? In the age of diplomacy and detente prevailing all over the world is it proper for India, being a leading country of non-alignment, to spend a huge sum on defence?

Even more basic questions are involved in the discussion on defence expenditure in a country in which at least half of the people are destitute. It is fine for leaders in Delhi and in state capitals to think of basking in the glory of India being a regional power. How far should our poverty stricken people support such an approach if it was properly and fairly put to them? Getting obsessed by a fervour of patriotism, and ignoring realities can lead a country to destruction.

Keeping in view the above mentioned points an effort has been made in the present study to assess the role and perspectives of the various political parties on these problems. Because, in a parliamentary democratic system, it is the political parties whether in government or in opposition play a very important role in shaping country's policies and programmes. Defence being an important national issue, the role of political parties in this regard is crucial.

The first chapter attempts at conceptualising the content of defence expenditure, and the necessity of having a large defence force in a country like India. Regarding the concept of defence expenditure there are various views provided by different countries and institutions such as NATO, WARSAW, IMF, SIPRI, etc. The meaning of defence expenditure in the Indian context has also been attempted; and why it has been treated as a non-plan expenditure?

The second chapter will examine the determinants which prompt our political leaders to spend such a heavy amount of money on defence. This chapter will explore the determinants of such argument as that of national security against external threats and internal disturbances, scarcity of resources, budgetary perspective and ideological role in defence.

Third chapter will reflect on the trends in defence expenditure during the eighties. In this chapter an effort will be made to point out its trends to know or to understand what sort of money we have been spending and on what grounds every year.

Fourth chapter will discuss Defence and Economy: trends and perspective in which the relationship between defence and economy has been pin pointed. Whether defence and economy have their impact on each other, or defence has only a negative impact on economy and development will be clearly examined.

Fifth chapter will take an account of what is the stand and perspectives of various political parties such as Congress (I), Janata, National Front, CPI, CPI(M) and BJP, on vital issue of defence.

Sixth chapter will sum up what are the major defects in the making of decisions regarding defence policy and its preparedness and will suggest some remedies.

CHAPTER 1

WHAT IS DEFENCE EXPENDITURE?

Security is one of the most important concerns of a state. For the sake of security, defence assumes utmost importance in the sphere of governmental functioning.

The concept of defence is nearly as old as the history of mankind. It must surely rank as one of the most ancient social institutions. "Ever since the birth of a third man after Adam and Eve the history of war began."¹ But the nature of weapons have been changing from primitive society to the present day. The qualitative and quantitative changes in the evolution of the weapon systems have brought about significant changes in the concept and operationalisation of war. The new and emerging technologies have invariably led to changes in the weapons and military tactics with resultant impact on military power and security issues.

History attests to the fact that every nation, society or culture possesses some form of institutional arrangement whereby resources may be mobilized for defence and security.

What is Defence?

The very word 'Defence' means to protect from attack; fighting against attack. "The definition of the 'military' or defence sector' of the economy is somewhat

1. Jai Narayan & Rakesh Kumar Dutta, Economics of Defence: A Study of SAARC Countries, (New Delhi, 1989), p. 42.

ambiguous. In some countries this sector might include the police forces, or as in the case of China, a citizen's militia. In general, we shall use this term to refer to a nation's standing army, including navy and air force. Also included are security forces and the defence administration where these are financed by the state".²

The militaries which concerns us are considered legitimate and 'constitutional' to which a proportion of public fund is devoted.

Motive Behind Establishment of Defence:

What are the motives behind establishing an institution of defence in each and every country? This is the fundamental query one has to clarify before going to analyse the concept of defence expenditure.

The aim of the leadership in any country is to project the nation state as a powerful entity. The concept of power is inter-related mainly to three areas:

- i) The size of the nation;
- ii) The resource base of the nation; and
- iii) The armed forces.³

- 1) The size of the nation reflects the geographical area and its strategic location in relation to the other nations of the world.

2. David K., Whynes, Economics of Third World Military Expenditure, (Macmillan Press, 1979), p. 5.

3. Y. Laxmi; Trends in India's Defence Expenditure, (New Delhi, 1988), p.9.

ii) "The resource base comprises wealth occurring due to natural resources. The manmade capital resources, both real and financial and finally the demographic base including skilled and unskilled man power".⁴

iii) The armed forces constitute an integral part of the state system from time immemorial. Its role varied from time to time, but four features were basically discernible all through. These are:

1) The armed forces have to protect the territorial integrity of the nation state, from external aggression. Earlier the defence of a country was primarily aimed at guarding the borders from external attacks, but the current national and international situation have extended this meaning of the term 'defence'. They are required to help the government in time of natural calamities such as Flood, Famine etc. They render help to the people by providing food and cloth; the basic requirements on behalf of the government. Now-a-days the government often seeks their help to resolve the conflicts and problems that arise due to internal conflicts, guerilla warfare, insurgencies, etc. In the internal sphere also the defence forces help a lot to the government. This

4. Ibid.

has been exemplified by the role of the Indian Peace Keeping Force (IPKF) in Sri-Lanka on behalf of the Indian Government.

2. They receive necessary sanctions from the authority of the government of the day and as a corollary have to take measures against the internal conflicts and disturbances.
3. They have to protect the nation and its developmental activities from external aggression and domestic disturbances. This function of the armed forces ensures the country's economic growth and thereby facilitates the projection of the economic power of the nation.
4. They have to project the nation state as a powerful entity both internally and externally.

In the present nuclear age, no country in the world is completely secure and safe from threats to its integrity. This is particularly so in the case of developing countries which have undergone the experience of territorial distortions at the behest of their ex-colonial masters. "It is becoming increasingly difficult for these countries to achieve a modern force structure both in terms of battle order and organisation to defend their national interest".⁵

5. Ibid, p.10.

The meaning of national interest is quite ambiguous and it is very difficult to give a precise and proper definition.

Here one must admit the existence of a continuing debate on what constitutes national interest; this debate has led to a conclusion that national interest varies according to the perceptions of the political and social situation of country at a given period of time.⁶

Importance of Defence Services in India:

The role and importance of the defence services in the Indian context is by no account a minor one. It is important and necessary to see how far Indian armed forces have succeeded in fulfilling the above mentioned four responsibilities.

Protection of Territorial Integrity of The Nation State:

The two major points involved in this context are the size of the nation and the threat perception.

Size: The sheer size of India forces the economy to devote enough resources for guarding its national frontiers. The land frontiers extend to about 15,200 kilometers with China, Burma, Bangladesh, Nepal and Pakistan as neighbours with varied degrees of friendship. India's coastline extends

6. Ibid.

over 7500 kilometers and the island territories in the Bay of Bengal are situated more than 11,000 kilometers away from the Indian mainland. The territorial sea limit extends to 12 kilometers away from the Indian mainland. The territorial sea limit extends to 12 kilometers into the sea.

The Indian landmass has an area of about 3.2 million square kilometers and the Indian ocean has an area of about two million square kilometers which includes substantial underwater assets. "The long land and coastal borders and the sheer vast size of India imply that she must be adequately equipped for safeguarding her security. Its armed forces have to be large enough to reflect the fact of its being the seventh largest country in the world".⁷ Taking into account this factor, one can say that defence expenditure depends on the assumption of threat that India is perceiving.

The threat as perceived by the political and military leadership connoted future probabilities. Proof of danger can be positively established only ex-post-facto. For instance, only in October 1962 the Chinese threat was fully established. The 1962 debacle also proved that too much reliance on Panchasheel diplomacy is not an insurance against external attacks. Earlier also Indian leadership was aware of the threat posed by Pakistan.

7. Ibid, p. 12.

The Ministry of Defence Report 1985-86 observes "The potential threats to Indian Security came from Pakistan and China". The four wars which India has fought since her independence, three with Pakistan in 1948, 1965, and 1971 and one with Cina in 1962 reinforced this perception. There are several major border skirmishes and a host of other factors such as cementing military co-operation between China and Pakistan, a nuclear China which has embarked on an ambitious modernisation programmes with military overtones, a Pakistan on the nuclear threshold supporting the subversive activities in northern India, a volatile Bangladesh, etc., magnify the threat perception.

Rendering Help to the Government:

The role of rendering help to the government is a very important function of the armed forces. India had to face major nation-building problems. One of the remarkable features of Indian nation is unity in diversity. People are differentiated themselves on the basis of language, religion and region. Sometimes riots, agitations, and unrests take place in some parts of the country. Of late these problems have been aggravated by acts of insurgency and subversion carried by terrorists and religious fundamentalists. The Naxalite movement, the agitation relating to foreigners issue in North Eastern States, the cry for Gorkhaland, demand for a separate Jharkhand State,

the problem of ULFA sponsored terrorism and secessionism in Assam, the threat of terrorist and secessionist forces in Punjab and Jammu and Kashmir and the current problem of LTTE in Tamil Nadu are some of the glaring examples of insurgency in India.

The normal law and order problems are handed by police forces and other armed forces constabulary etc. But when organised insurgency takes place the normal police will be able to extend their control to a certain extent only. The presence of a strong defence services can create a threat of possible deployment to counteract insurgency and this gives the government a reserve arm to maintain law and order situation.⁸

It is this reserve capacity, vested with the government, that has sparked the debates and controversies regarding their deployment to tackle internal insurgency. It is argued that deployment of defence forces for internal troubles is a reflection of the failure of democratic methods to resolve conflicts. Democratic techniques presupposes that the conflicts and contradictions in the society can be resolved through the process of reconciliation and consensus. If armed forces are used to bring about solution to the conflicts then it would be assumed that the democratic ethos is not strong enough to resist the contradictions. Besides, it is said that the use of the army for law and order purposes adversely affects their war-preparedness. Despite all these arguments and

8. Ibid, p. 13.

counter-arguments the armed forces continue to render support to the government and society at critical junctures.

3. Protecting the Process of Development:

Economic and industrial development of a nation forms the basis on which the defensive capability rests. A prosperous economy not only provides security to the people but also becomes a basis on which a powerful military can be maintained. Therefore security of a nation depends as much on the military as on the economic well being of the people. To safeguard the economic base the protection of vital economic activities are required. Armed forces not only guard the country's border but also play an important role in safeguarding the development process.

This point needs to be focused; for the common man the term 'threat' has only direct connotations of external aggression or attack. But for a developing country like India the threat can be and more often than not are indirect. This is because of the legacy of hundreds years of colonial rule and the existence of subtle neo-colonial linkages with the ex-Metropolitians powers. The fact that most of these countries are primarily militarily weak, that's why they simply enhance the degree of neo-colonial blackmail.⁹ So in order to be strong enough to maintain its unity and integrity in the perception of another country India should be militarily and economically powerful.

9. Ibid, p. 14.

To Project the Nation as
a Powerful Entity:

Last but not least is the function to project the nation state as a powerful entity both internally as well externally. India is following the path of non-alignment, non-interference and the policy of peaceful co-existence. That does not mean that India is a weak country. Non-violence is not the virtue of the weak: it is a gesture of the strong towards weak.

This is a brief summary about the importance and role of Indian Defence Forces for which a huge amount of money is necessary. This raises question as to whether the money being spent for defence to project India as a powerful nation is justified where 43% of the country's population is living below the poverty line?

Defence Expenditure:

Defence expenditure is considered to be those resources devoted to defence by the budget of the country concerned.

How can a nation meet the expenses of defence? what are the expenses of defence? What are the data? As a propounder of Laissez-faire doctrine, Adamsmith's view was:

Defence was for the common good and it was reasonable that the expenses of defence should be met by the whole society with all the different members contributing as nearly as possible.¹⁰

Therefore it was inferred that since everybody gained every body should pay. But this is not the correct view on defence expenditure. It is hardly realistic to insist that everybody can pay an equal share of the costs of defence or of any other public good irrespective of their economic status. The poor should be exempted on the ground that they could not afford to cut their wages to meet the costs of public services even though they gained from these.

A relatively new and valuable sources of definition is the Government Finance Statistics Year Book (GFC) published by the International Monetary Fund (IMF). An issue of GFS contains five-year series of defence expenditure for 100 countries. The data given are based upon a detailed definition, which reads:

This category covers all expenditure, whether by defence or other departments for the maintenance of military forces, including the purchase of military supplies and equipment (including the stockpiling of finished items but not the industrial raw materials required for their production), military construction, recruiting, training, equipping, moving,

10. Whynes, n. 2, p.8.

feeding, clothing and housing members of the armed forces, and providing remuneration, medical care, and other services for them. Also included are capital expenditures for the provision of quarters to families of military personnel, outlays on military schools, and research and development serving clearly and foremost the purpose of defence. Military forces also include paramilitary organization such as gendamerie, constabulary, security forces, border and customs guards, and other trained, equipped and available for use as military personnel. Also falling under this category are expenditure for purposes of strengthening the public services to meet wartime emergencies, training civil defence personnel and acquiring materials and equipment for these purposes. Included also are expenditure for foreign military aid and contributions to international organizations and alliances.

This category excludes expenditure for non-military purposes though incurred by a ministry or department of defence, and any payments or services provided to war veterans and retired military personnel.¹¹

Definition of military expenditure by the United States Arms control and Disarmament Agency is based on the data obtained from NATO Publications. It is also based on NATO definition of military expenditure. In summary, it includes

- a) civilian-type expenditures of each NATO defence ministry are excluded but military type expenditures of other ministries are included;

11. As quoted in Nicole Ball, Security and Economy in the Third World, (Princeton, 1988), Appendix II, p.403.

- b) grant military assistance is included in the expenditures of the donor country; and
- c) purchases of military equipment for credit are included at the time the debt is incurred, not at the time of payment.

"For other non-communist countries, data are generally the expenditures of the Ministry of Defence, when these are known to include the costs of internal security, an attempt is made to remove these expenditures....."¹²

The NATO definition of military expenditure is used as a guideline in many countries. Where possible, the following items are included; all current and capital expenditure on the armed forces and in the running of defence departments and other government agencies engaged in defence projects; the cost of paramilitary forces and police when judged to be trained and equipped for military operations; military R and D, tests and evaluation costs; costs of retirement, pensions of service personnel including pensions of civilians employees. Military aid is included in the budget of the donor country. Civil defence, interest on war debts and some types of veterans' payments are excluded".¹³

12. Ibid, pp. 403-404.

13. Stockholm International Peace Research Institute World Armament and Disarmament SIPRI Year Book, (London, 1985), p. 285.

Definition of WARSAW PACT Countries:

Even though Warsaw pact has been disbanded, its definition of defence expenditure is pertinent to understand the concept in a proper perspective.

"The series chosen for the Warsaw treaty organisation (WTO) countries other than the Soviet Union included for Czechoslovakia, the German Democratic Republic and Poland some estimates for research and development expenditure, which may not be included in their official budgets. They also exclude an estimated 'civilian' portion of internal security for the countries that publish 'defence and internal security' expenditures taken together only".¹⁴

Meaning of Defence Expenditure
In Indian Context:

The basic source of defence expenditure is the estimates presented by the Government of India in Parliament every year in March-April.

The entire Governmental expenditure is classified as planned and non-planned expenditure. Over the years the planned expenditure has acquired an honourable stature of expenditure for developmental process. Non-planned

14. Ibid, 1980, p. 35.

expenditure has been considered as a necessary evil that can be maulled. It is called non-planned because, it falls beyond the purview of Planning Commission.

By the late 1970s, there was a realisation that defence cannot be isolated from the overall nation-building activities. Even today the Ministry of Defence deals with functions which have extensive civilian application as well. For example hydrographic surveys and preparations of navigational charts, etc.

Within the structure of Ministry of Defence, due to the constitutional and legislative limitation, the three services Army, Navy and Air Force operate independently. In other words, the Ministry of Defence has no direct financial control over the three services and is only a co-ordinating agency with the result that every year Defence Services Estimates (DSE) are presented to Parliament as a separate head, that of the Ministry of Defence. Since 1985-86, even pensions and rewards have been delinked from the defence services estimates and are shown under a separate head of accounting.

The defence services Estimates give estimated budgetary allocations towards defence for the current year, revised estimates for the previous year and the actual expenditure incurred on defence for the year before last.

Thus the Defence Services Estimate 1986-87 gives the budget estimates for 1986-87, the revised budget estimates for 1985-86 and actuals for 1984-85.

The Defence Services Budget estimates are presented in the form of four demands. Three on the revenue account (one each for Army, Navy, Air Force) and one capital account. The expenditure for which provision has been made in the defence services budget estimates falls broadly into the following categories:

- a) pay and allowance of the personnel of armed forces;
- b) payments to industrial establishments; employed in stores, depots, factories etc;
- c) Transportation and miscellaneous expenditures;
- d) stores purchases;
- e) work expenditures;
- f) capital outlay, such as capital works, purchase of vessels, plant and machinery.

g) Ordnance factory has been dissociated from army and treated as a separate head.

To summarise, in the Indian context defence expenditure means the fund allotted by the Government of India to the three branches of armed forces such as Army, Navy and Air Force every year from the public fund. But now-a-days it excluded the pensions from the defence budget and it is spent under a separate head.

Unfortunately a very sensitive area like defence comes under the non-planned expenditure which is considered by many as a necessary evil. But it should not be like other heads of public expenditure such as health, education, food, the expenditure on defence has also been spent for the public good, to ensure national security. Some argue that money spent on the gun at the cost of butter become unproductive. Therefore it is a wastage. But this is a misleading conception. The minimum price for our safety and security is very difficult to judge. However, for our security we should pay some amount of money because in an insecure atmosphere there is no possibility for economic growth and development and without economic growth there will not be possible to maintain security. So these two fields are complementary to each other. But it should be spent in a proper way.

What are the factors and causes that are responsible for the allocation of huge resources to the defence sector? This will logically lead us to find out the determinants. Since a staggering amount is involved in the defence build-up it would be interesting to analyse the determinants of defence spending.

CHAPTER 2

DETERMINANTS OF DEFENCE EXPENDITURE

Defence expenditure as a percentage of GNP has been increased from 3.0 in 1980 to 4.2 in 1989. Notwithstanding our limited resources to meet the demands of our system the defence spending, thus witnessed a significant rise. In spite of all the call for peace, why India as a developing country having limited resources is spending a huge amount of money for the cause of security? India's rising defence expenditure in the 80s has been attracting great attention in the country and abroad. What are the determinants which stimulates our leadership to approve the large size of the demands for grants for the Ministry of Defence?

Determinants:

Determinants of security expenditure differs between developing and developed countries. "In the Industrialised countries, security issues are viewed primarily from the perspective of potential external conflicts, and the role of the armed forces is to protect governments and citizens alike against external threats."¹ But in the context of developing countries in general and India in particular, internal as well as external threats count much for the increasing amount in defence sector.

1. Nicole Ball, "Security and Economy in the Third World", (Princeton, 1988), p. 32.

Nicole Ball in his book "Security and Economy in the Third World" has specifically mentioned five determinants that affect defence expenditure. These are: the influence of external conflicts, the requirements of internal security, domestic bureaucratic and budgetary factors, the influence of the armed forces themselves and the role of the major powers.² These groupings have been made in order to better organize the discussion and facilitate thinking about the determinants.

1. The Influence of External Conflicts:

Protection against external aggression is the most effective determinant for defence expenditure. "Protection against aggression provides the *raison de'etre* for all armed forces, and external security consideration are most often used to justify increases in security expenditure. Many Third World countries are involved in unresolved conflicts with neighbouring states ^{which} with greater or lesser frequency flare into active combat. All interstate wars since the end of world war II have taken place in the third world although there have been participation of industrialised countries in some of these conflicts. Indirect external threats involving outside support to terrorists, subversive forces, ^escissionists and religion^{US} fundamentalists pose grave danger to the unity and integrity of the nation. This not only adversely effects the peace

2. Ibid, pp. 32-33.

in the region but also diverts the efforts from nation building activities and contributes to the ^{slow} pace of economic development.

To meet these threats that they are facing leads them to prepare militarily to counter their enemies. The preparedness depends on acquisition of new weapon systems which have not direct bearing on the resources of the country. "Purchase price is far from the only economic cost attached to weapons. Because weapons must be maintained and repaired regularly, if they are to operate efficiently and effectively, technicians must be trained and paid, equipment purchased, workshops constructed and so on. As weapons have become more technologically advanced, the costs of repair and maintenance have climbed accordingly".³

India and Pakistan which have gone to war with each other, three times since independence spent a sizable portions of their central government budgets and their national products on the security sector. Since the early 60s India has allocated an average nearly 4% of its GNP and nearly 25% of its central government budget to the security forces; the corresponding figures for Pakistan are 5% and 30%. India's 1962 war with China and the 1965 and 1971 wars with Pakistan stimulated higher levels of security spending. The higher level

3. Ibid, p. 36.

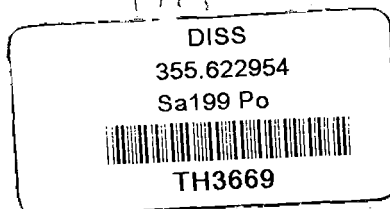
of security spending in gross product has essentially been maintained since that time. It is evident from above that defence spending is determined by the external conflicts.

Internal Security:

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Although external security consideration can play an important part in determining the level of expenditure on the armed forces, countries which have not been engaged in conflicts for many years or obviously not having any direct external threats have been spending a lumpsum amount of money on defence. In addition, countries for which external threats have diminished substantially have nonetheless allocated substantial sums to the armed forces largely because preserving internal security is an important function of most of the armed forces. The term internal security is very subjective. The ruling elites in different ways

try to hold the spectre of internal conflict to mobilise people and public opinion in their favour. In such a situation the ruling elite whether civilian, military or most-likely some combination enables itself to remain in power and to maintain a socio-economic system which under-scores the need to cater to the interests of the elite in contradiction to the needs of vast population.



Now-a-days in India, a spectrum of political opinion very strongly demands that any serious internal problem if defies easy solution at the hands of civilian authorities, ^then it should be handed over to the army for example to counter the terrorist and secessionist tendencies in Punjab, Jammu & Kashmir and Assam, some of our leaders have demanded deployment of army in those sensitive states. This emphasises the deployment of army to resolve internal conflicts, ^{which} will lead to the escalation of defence spending.

Budgetary Causes & Constraints:

The outer limit of all public expenditure are ultimately determined by the availability of resources, and security expenditure is no exception. In India the responsibility for budget formulation has been wider. Nonetheless the Prime Minister and Ministers of Finance and Defence Minister have been playing important roles in determining the level of funds allocated to the security sector.

Because of the dominance of Congress party in the Union and States in the post independence period, Parliamentary consideration of security issues has not been significant and has not deviated from official congress party policy. Parliamentary oversight of the

security sector has been limited to ensuring that, funds appropriated for the armed forces have not been misused. Attempts to create committees to examine defence proposals before funds are actually allocated have failed, largely because the congress party has opposed such activity. As a result most members of Parliament have been rather ill-informed concerning security issues.

Prior to 1962, Defence Ministers were very weak. The Ministers of Finance tended to be occupied with non-military issues. Nehru believed that development should have priority over defence. ^{This} ~~thus~~ became the single most important general criterion in deciding the level of security expenditure. In terms of GNP the defence expenditure was only 2%. After 1962, Defence got the priority among all the public expenditure.

"It is primarily the Defence Ministry which proposes and the Ministry of Finance which decides how to allocate resources among competing requirements. The approval of Finance Ministry is particularly important for any project involving the use of foreign exchange. The Finance Minister also plays a leading part in Cabinet decisions on allocation of funds among different segments of the bureaucracy. Whereas in a properly functioning Parliamentary system, parliamentary debates would provide an input to

allocation decisions, the general abdication of interest on the part of most members of the Lok Sabha concerning matters of security policy and funding means that the bureaucracy including, of course, representative of the three military services and the executive have a relatively free hand in deciding what funds will be allocated for security purpose.⁴

Bureaucratic Pressures:

"Although a sizable portion of any country's security expenditure is, in a sense, predetermined, the growth of security expenditure; whether in real terms or as a proportion of state or national resources - does not occur in an entirely orderly fashion. It may be possible to predict a certain portion of this year's expenditure, if one knows how much was spent last year's but not all of it. Some analysts believe that a substantial proportion of the year to year variation in security related outlays is determined by bureaucratic type expenditure requirements, inflation, salary and pension rises, equipment replacement and so on."⁵

4. Raju G.C. Thome, The Defence of India. A Budgetary Perspective of Strategy and Politics, (Delhi: 1978), pp. 78-81 and 89-96.

5. Schmitter, "Foreign Military Assistance", p. 178.

The Role of External Powers:

External powers often play an important role in the creation and exaggeration of conflicts in the developing countries. As a result of this involvement security expenditures rises. There are essentially five main ways in which external powers have contributed to the growth of conflict among countries: as a colonial power, as interventionary forces, as promoters of coup d'etat, as providers of military assistance and as arms salesmen.

India's defence expenditure is not only determined by the above five determinants but also by other factors which are discussed below. During the seventies, India was able to take a relaxed view of the security environment, because of the decisive victory of the Indian military forces over Pakistan's and the birth of Bangladesh in place of East Pakistan. The Shimla agreement with Pakistan promised an era of peace. The Sino-Indian dispute and problems related to that had not only been frozen but after Mao-Je-Dung's death, movement towards normalisation of relations was in evidence.

But the beginning of the decade eighties saw a rapid deterioration in the security environment.

Before analysing the security perspective of India in 80s which was responsible for the high cost defence expenditure, one should have a clear notion of what is national security? The answer requires one to take a holistic view, going beyond defence in terms of upholding the territorial integrity of the nation through or against military might. Though protecting nation's territorial integrity is the prime criteria of security but it is not the sole one. Just as man does not live by bread alone, though it is necessary, so also national security must include defence, yet it has to go beyond it. Failure to comprehend this truth will be definitely ruinous to a nation.

What are the areas which should go beyond defence upon which the edifice of national security should rest? These are democratic ideas and human values, a sufficiency of calories and a certain quality of life, equality and just society, all contribute to national security in some manner.

But the list does not end there. To such elementary things as food security which means the ability to buy and procure, though not necessarily domestically to produce essential requirements, must be added such as health and environmental security, political and social stability and much else besides. In a world driven by

science and technology, the educational base and the ability to innovate is obviously important.

The term security is sometimes punctuated with queries such as whose security? Does it refer to the security of the government or a regime or an individual or vested interest, or that of the nation and people as a whole? The best answer to these queries is that nation and the people as a whole should be guarded and protected.

From what or where, does a nation derive security? Security is guaranteed by guns, butter, internal stability and contentment, economic and technological power popular support to the government and the high morale of the people.

These are the sinews India too must develop, instead we remain mired in poverty, backward looking, troubled by unrest and weakened by discord. At the root of much of our problems lies rapidly increasing population. Too little is being done to defuse this problem. Even though we have been trying to solve our food problems, millions remain hungry for want of purchasing power. Distributive justice is still distant. The country has developed institutional cramp, with innovation and achievement smothered in bureaucratic red-tape, over-centralisation and corruption.

Basic education and health for all is long overdue and each now promised by 2000. These will ones again remain unrealised over large parts of the country. These are the elementary things that need to be done to ensure all our people the minimum decencies of life which would itself provide security and stem the tide of internal disturbance.

However this is the wider view of national security. This must be strengthened in order to build up a strong nation. The security of a country ^{e a} emanates not only from external threat but also from internal ^{factor}. In the case of India the external threat germinates from our neighbouring countries such as Pakistan, China, Bangladesh and Burma. But one should take into account the changing political and security condition of the whole world. This is due to the changed conception of international situation in which a nation whether it is big or small, powerful or not, depends upon one another. So if a change will occur in one part of the whole global system, will definitely affect the other sub-systems. So "the problems of India's defence must be viewed in the context of the changed political conditions in Asia and the world and the continuing revolutions in technology and the weapons of mass destruction".⁶

6. Madhu Limaye, "National Apathy", Seminar, 1978, March
p. 1.

External threats to India's national security arise at three concentric levels. The first and most recognisable level includes, China, Pakistan, Bangladesh and other neighbouring countries which are described as subcontinental. The second level comprises, the middle east, the south east Asia and Indian Ocean. The last and uppermost level is the Super Power. There are obvious linkages amongst the three level of threat conceptions. The specific threats to India's national security can now be examined against this general background.

"In the 40s and 50s debates on India's security concern was mostly with Pakistan, and to a much lesser extent with China and communism. Jawaharlal Nehru in the 40s and 50s had greater reason to worry about Stalinist Russia than ^a about the West. At that stage non-alignment was adopted to ensure ^{security from} others who tried to hurt the Indian security".⁷

There are few fundamental things which have influenced our foreign and defence policies in the past and which have not so far changed. Some of these are -

"- the Soviet Union has continued to remain a Super Power and there are basic geo-strategic reasons which make a strong India in the interest of the Soviet Union.

7. K. Subramanyam, "Security Policy", World Focus, December, 1980, p.5.

-The importance of the Gulf Oil for industrialised nations will not diminish at least for the next forty years or so. And, therefore the United States and the other concerned countries will continue to display strong interest in the Indian Ocean.

-While the east west divide is closing, the north-south divide is not and the struggle of the developing countries for a bigger share of the global economy will continue.

-China despite her ups and downs remains a potential super power and her attempts to enlarge her influence will not slacken.

-The importance of Gulf Oil and the instability in Iran will ensure that the value of Pakistan to the U. S. A. as a strategic ally will remain substantially undiminished. This factor, together with our problems in Punjab and Kashmir will make Pakistan unwilling to come to terms with us for some more years to come".⁸

India is situated in a region where three great nuclear weapon powers of the world interact. To the north are China and U. S. S. R. and in the waters of the Indian Ocean the US Navy is deployed in significant strength

8. J.G.Nadakami, 'Security Needs and Integrated Response', Mainstream, March 17, 1990, pp. 26-27.

with a career task force being continually stationed in the Arabian Sea. The US controlled command has jurisdiction for contingency operation over a part of the subcontinent namely Pakistan.

On one side of India is West Asia, which is having four decade old Arab-Israel conflict and which receives almost half of the arms imported into the developing world. In the Annual Report of the Ministry of Defence 1984-85, it has been categorically mentioned that "the situation in the middle east has turned grim. There is no let-up in the long drawn out Iran-Iraq war. The reported use of chemical weapons and attacks on civilian ships of third countries outside the war zone have further aggravated the situation thus posing a potential threat to world peace. This has both security and economic implications for our country". There were arms transfers to Pakistan during the Indo-Pakistan conflict of 1965 and 1971 from some of the west Asian countries. Since 1971, the military interactions between some West Asian countries and Pakistan has intensified and consequently the induction of sophisticated weaponry in West Asian countries is a matter of concern for Indian security planners.

India and its Neighbours:

In our immediate neighbourhood Pakistan has been and still remains our principal security concern. The

annual report of the Ministry of Defence for the year of 1983-84 has emphasised this point. It reads "Pakistan has taken full advantage of the continued Soviet presence in Afghanistan and the situation in West Asia to strengthen projection of its role as a front line state in the US strategic perception. Acquisition of massive and highly sophisticated weapons such as the F-16 (now planned to be updated further) improved. Two missiles, the Harpoon Missiles, the Vulcan Phalanx air defence equipment, the Mahawk battle field, Surveillance aircraft and now the ~~Hawkeye~~ ^{AWACS} early warning system are far beyond Pakistan's legitimate defence need and would bestow on her an offensive capability.⁹ The same thing has been continuing upto these years. "The emergence of a democratically elected civil government in Pakistan in 1988-89 is another event of import justifying cautious optimism for a period of improved and more enduring Indo-Pak relationship. Both nations have expressed their will to work for the objective in accordance with the spirit of Shimla Agreement. The agreement for not attacking each others nuclear facilities signed by the two countries within a month of the new government taking over in Pakistan provides a basis for developing further confidence building measure.¹⁰

9. Ministry of Defence, Annual Report, Govt. of India, 1983-84, p. 1.

10. Ministry of Defence, Annual Report, Govt. of India, 1988-89, p. 3.

"Despite these positive developments, Pakistan's weapons oriented nuclear programme and its ongoing military build-up continue to cause concern. The US, despite its declared policy that nuclear proliferation would lead to a cut off of aid apparently remains committed in the case of Pakistan to its massive \$4.02 billion economic aid and military aid package for the period 1987-93".¹¹

Pakistan also continues its quest for highly sophisticated force multiplier systems like the AWACKS and major combat systems like M-1 Abrams. The recent acquisition of Naval Missiles which have a range of about 100 kms. poses potential threat to our vital on-shore and off-shore installations. This has compelled India to focus attention on anti-submarine defence. The newly elected government in Pakistan has enhanced by 9.9% of the budgetary allocation for defence during the year over the revised estimate of 1987-88.

"The Government views with concern reports about growing Pakistan's security linkages with US CENTCOM and also with erstwhile CENTO pacts. Pakistan's support for terrorist activities directed against India, the large scale drug traffic and extensive proliferation of arms substantial portions of which are believed to have

11. Ibid.

been diverted from US supplies for the Afghan resistance^{or} group in Pakistan continue to cause great concern".¹²

China also has posed major threat to India's security. There has been no significant change in our relations with China. The border questions have not been settled inspite of five rounds of talks; China in the meantime has also embarked upon a masure programme of modernisation of its defence forces. The ministry of Defence Report 1988-89 reported that "A significant new beginning in improving relations between China and India was initiated by the visit of the Prime Minister Rajiv Gandhi to China and exchange of views between the two countries at the highest political level.

Both countries reiterated the five principles of peaceful co-existence embodied in the concept of Panchsheel, and stressed the importance of settling the outstanding issues of the boundary through peaceful and friendly negotiation so as to arrive at a fair, reasonable and mutually acceptable settlement. It was also decided to set-up a joint working group to go into all aspects of the boundary questions and oversee the maintenance of peace and tranquility sought by both countries in Civil aviation, science and technologies,

12. Ministry of Defence, Govt. of India, Annual Report, 1987-88. p. 2.

and culture. These developments hold promise for continuing improvement in India-China relations.¹³

Despite all these positive aspects there is still a gloomy picture which threatens our security posture. "China has continued to make progress in its modernisation programmes, including its military capabilities. Significant progress in upgrading military technologies, professional capabilities and combat potential is claimed by the PLA. The expansion of the Chinese Naval capabilities especially with respect to power projection, was noteworthy. China continues to ^{augment} its military infrastructure and logistics in Tibet apart from maintaining significantly high force levels generally and inducting qualitatively superior equipment. It also claimed to have successfully exercised its military formations in different aspects of combat, including chemical warfare in Tibet".¹⁴

"There are some other disquieting features as well. China ^Sreported to the use of force in trying to resolve the dispute concerning the separately Island. Its policy of arms supply to the countries of southern Asia has the potential to adversely affect the security

13. Ibid.

14. Ministry of Defence, Govt. of India, Annual Report, 1988-89.

environment in the region. China's sale of intermediate range ballistic missiles to Saudi Arabia has also been a cause of some concern".¹⁵

Towards the end of the year 1988 a serious threat suddenly developed in the Maldives, when hired mercenaries attempted to overthrow the democratically elected government of that country. India responded to the specific Maldivian request for help promptly and ensured that the attempted coup was foiled within a matter of hours and the stability in the Indian Ocean region remained undisturbed.

"Burma witnessed political and economic turmoil following General Ne Win's abdication of power, and UNU's announcement of an interim government and subsequent *take over* by the Army. Despite the Army's assurance to hold multiparty^t based elections the country continues to face serious upheavels. The present uncertain conditions in Burma have obvious security implications for India".¹⁶

The situation in Bangladesh appears to have stabilised after the Presidential elections, held in March 1987. However, with the passage of the Bill on Islamisation the sense of insecurity amongst the

15. Ibid.

16. Ibid.

Ministries has increased. The Chakma refugee problem continue to remain unresolved. Since 1980's the strive in Sri Lanka has grave implications for India's security. It has been exemplified by the role of IPKF in Sri Lanka and the ^{suspected} inspected hand of the LTTE in the tragic assassination of the former Prime Minister Shri Rajeev Gandhi.

The USA maintains a significant presence off-shore in the Philippines with the 7th Fleet operating from Subic Bay and the US Air Force from Clark Air Base. The Soviet Union too had access facilities in Cam Rench Bay and De-Nang in Vietnam.

While India by itself has not been directly subjected to the rivalry of the second cold war between the USA and the USSR, the influence of that rivalry is a decisive factor in the Indian Security Planning. The competition between the US and USSR in the 'arch of crisis' led to the Soviet action in Afghanistan. This in turn has led the US to waive the Semington Amendment in case of Pakistan, by tacitly acquiescing in Pakistan's quest for nuclear weapons capability. This ^{causes} ~~comes~~ concern ^{for} to India. The same cold war rivalry had led to permanent stationing of USA carrier Task Force in the Indian Ocean especially in the Arabian Sea

and significant support to Pakistan's Naval Reequipment programme. In the recent Gulf War, between the USA and its allies on one side ^{and} ~~on~~ Iraq on the other, ^{we} ~~also~~ witnessed the easy movement of US naval ships in the Indian ocean. In South East Asia an impression has been created that Chinese policy in the region has US acquiescence, if not active support and this is to be attributed to US cold war rivalry with the Soviet Union and nations friendly to it, such as Vietnam.

In the North-West Frontier Kashmir is an alarming point for India's security. Pakistan does not want to acquire whole of India, but wants to acquire those parts which very legitimately it could not get during the partition. It is a major threat to India's security. In the Northern border Himalayan states Nepal and Bhutan have continuous tension in relation to India, particularly in the 1980s. Still they appear to be manageable.

Sea-Frontier:

Indian Ocean, particularly in 80s, has occupied an important position in the security of many countries bordering it. For India, the security of this region is of paramount importance as oceanic routes across this ocean carry the bulk of her overseas trade. If these routes come under the control of countries those are not friendly to India, this would threaten her importance.

The vulnerability of India to enemy naval action is evident from its peninsular character, which means India should develop separate fleets for eastern and western fronts in the Bay of Bengal and the Arabian Sea respectively. Although India has many parts, in these two regions they are vulnerable to outside naval attack as they are open to high seas. As India is surrounded by water from three sides, it is necessary for her to develop a highly effective petrol facilities. The basic motive to project this area is to control vast coastal trade and commerce.

Maritime Security:

After the second world war, actual possession of territory was no longer important for the power blocs. The policy of the USA and USSR opened a new chapter in international politics and started controlling countries through economic and military aid packages and bilateral treaties. Western powers started negotiating with the regions of the middle east countries to gain control of the oil resources. In achieving this it was imperative that they should establish their dominance over the Indian Ocean. In this, the US found a staunch ally in Iran but the fall of the Shah regime and its replacement by Ayotollah Khomeini put

the US in a disadvantaged position. At this stage the US with the help of Pakistan started extracting facilities to use their bases as one of the main disembarking points for American personnel enroute to the Gulf and Back.

In the late 80s both the USA and the USSR have established a chain of bases in the Indian Ocean, such as American bases at Diego Garcia, communication facilities in Australia. Moscow's facilities in Camran Base in Vietnam, deployment of Chinese SSBMs in the North Western quadrant of the Indian ocean in the 1990s with suitable ~~home-par~~ base in South-Asia cannot be ruled out. These power plays of the great powers threaten India's security in the coming decades.

India and its neighbours have taken different paths to evolve as modern nation states. While India is liberal democratic, most of its neighbours are not. The major reasons underlying the security tensions with our neighbours are not conflict of national interest or territorial disputes(though they are often projected in those terms) but the dissonance between the Indian secular democratic federal and linguistically autonomous system and the system of government of our neighbours. The relaxation of tension

in the world among the major powers has come about only after the USSR and Eastern Europe started to liberalise and de-ideologise their foreign policies. Such developments have not taken place in our neighbourhood".¹⁷ On the other hand China has become more rigid ideologically and vis-a-vis its minorities in Tibet. Pakistan has been interfering blatantly in Kashmir and Punjab. It has perhaps a small nuclear arsenal and the recent military exercise and accompanying rhetoric showed that Pakistani animosity against this country has not come down. The problem with Pakistan is not the question of ratio of forces but their psychology.

All these factors influence our defence policy, because our defence effort cannot be wholly determined by ourselves unilaterally. "It is not possible to accept the kind of liberalisation and de-ideologisation unleashed by Gorbachov to happen in our neighbouring countries in the near future".¹⁸

Another major aspect of Indian security perspective is modernisation of arms and equipments which is a continuous phenomenon. More than 96% of the military R&D expenditure is incurred by the industrialised nations and even among them it is concentrated in a few nations. Over 90% of arms in the developing world

17. K. Subrahmanyam, "How not to cut Defence Spending(I)", The Hindustan Times, (New Delhi, January 19, 1990).

18. Ibid.

originate in the developed world. It is therefore, not possible for India to ignore the induction of new generation of weapons into the developing countries of Asia. Even in the next generation weaponry development they are about to find their way to oil rich countries and countries which have alignment with major power strategic goals. There are also proposals for collaboration. The Chinese F-7 aircraft is to be reequipped with a US engine, US avionics and USA weaponry produced in Pakistan.

In these circumstances India has been compelled to expand its defence R&D base and ^olun^hch on a modest modernisation programme partly through import of equipments and partly through indigenous designs and expansion of defence production capabilities. This would explain the increase in the defence budget. Yet the Indian defence expenditure will be only 4% of the GNP. India had kept its defence budget very low around 1.8% of GNP till the Chinese attack in 1962. Even, thereafter for a long time it was kept at around 3.3%.

Recently, ~~there are~~ major strategic changes have occurred, which affect our security policy and ultimately our defence policies. These are:

"- the dramatic and significant easing of tension between the two super powers.

- The equally dramatic politico-economic changes that are taking place in the Soviet Union and the East European countries and the possibilities that such changes may also occur in China in the not too distant future.

- The serious possibilities that Pakistan would be able to establish a deterrent nuclear posture against India.

- The worsening of the internal security situation in the country.

The gradual acceptance of India as a major power and our tentative responses to such changed perception*.

The Indian defence preparedness is not in terms of safeguarding one's national interest in some distant areas of the world or contributing to defence on an alliance well forward of one's own homeland or to deter a threat which has not materialised over decades. It is against the immediate threat against India's territorial systems in the world on the success of which will depend on whether democracy will survive in the developing world or will be confined to a limited numbers of industrialised nations.

A nation's security policies depend on its national interests. According to K. Subramaniam, (India formulates its security policy including acquisition of equipment on the basis of its national interest and not in subordination to somebody else's interests and on the basis of reciprocity and mutuality of interests. Non-alignment provides wider option in all situations. It rejects hostility of power blocks and focuses on Indian security interests. India believes that its own efforts to safeguard democracy for one sixth of mankind and its philosophy of non-alignment are the best way of promoting international peace and security and furthering integration towards one world.

These are the determinants of the rising trends in defence expenditure. It has also its impact on nation's economy and development. For that one has to examine minutely the trends in defence expenditure.

CHAPTER 3

TRENDS IN DEFENCE EXPENDITURE

After discussing the meaning of the price of defence and its determinants, it is necessary to know what are its trends in the eighties. It is difficult to answer as to how much we should spend for our security. What is its limitation, beyond which we should not go? India is a developing country with a very limited national resources and having myriads socio-economic problems have been spending a large amount of money for its security. For this reason study of the trends of defence expenditure is necessary.

Data Structure:

For a proper appreciation of the incidence of defence expenditure on the total economy, we should take into consideration the total governmental expenditure of the Union of India, the States, and the Union territories. The detailed annual data is available in the Combined Financial Accounts of the Union of India, States and Union Territories, published by the Ministry of Finance, Government of India. However, publication of this is normally delayed by six to seven years for obvious reasons; and as such the total outlay of the Union

Territories as given in the Economic Survey published by the Ministry of Finance, Government of India has been taken into consideration^{as} an indicator for the total expenditure incurred by the constituent states and centre.

This approach is adopted as against the view of defence expenditure as a percentage of central government expenditure, because defence expenditure is being incurred by the Central Government for the defence of the entire Indian Union. This peculiarity of the Indian Financial system has often been overlooked by various commentators.

The data about defence expenditure has been collected from Defence Services Estimates, the Military Balance and SIPRI, and about Gross National Product (GNP) and whole sale price index from the Economic Survey of India for various years.

For the purpose of analysis, GNP at factor case of used. GNP represents the market value of the Gross output of the nation. It is used because it denotes how much of the national wealth generated actually in the economy is devoted towards defence. It reflects the total burden of defence on the national economy.

For the purpose of analysis, it is worthwhile to examine the defence expenditure under revenue expenditure and capital expenditure respectively. Normally revenue expenditure consists of pay and allowances, transportation, stores, works and other expenditure. On the other hand, capital expenditure largely includes the acquisition of new equipment and the related expenditure. The trend in revenue expenditure and capital expenditure during the period of the eighties is given in Table 1.

Trends in Defence Expenditure:

To briefly outline some of the basic indicators and statistics about Indian defence spending, 1962 is usually taken to be the watershed in Indian defence outlay. Prior to Chinese aggression, independent India spent under two percent of GNP on defence. This in turn worked out to be under 14% of the total government expenditure and was in range of Rs. 300 crores. 1962 was the turning point for India as a nation and the humiliation suffered at the hands of our Chinese 'bhais' shocked the country to its very nascent roots as an independent nation state.

Recently won freedom had to be preserved and territorial integrity defended. Jawaharlal Nehru, who was never to recover from the 1962 debacle, was severely

criticized by his colleagues for allowing military preparedness to be ~~tax~~ and for indulging in wishful diplomatic posturing. In the post 1962 period the armed forces were accorded greater priority in National outlay and the 1963-64 budget earmarked Rs. 1340 crores for defence.¹ The size of the armed forces was progressively increased, with understandable emphasis on the Army. "Gradually, the defence budget as a percentage of GNP grew to over 3% and this increase was justified vis-a-vis the wars of 1965 and 1971 that were imposed on India, and the manner in which national prestige was redeemed. Thus, after the 1971 operations, the defence budget was Rs. 1652 crores, which was 3.84 percent of the GNP".² India's security environment both external and internal, continued to deteriorate in the seventies and eighties and the armed forces were impelled to embark on a modernization programme to maintain parity with the kinds of military hardware that were being inducted into the region, for example, the latest fighter aircraft, greater firepower, better surveillance etc. For India to traverse the path of non-alignment in the chilling climate of the cold war, the nation had to acquire a certain degree

1. Ministry of Defence, Annual Report, (Government of India, 1963-64), p.1.

2. Raju G. C. Thomas, The Defence of India: A Budgetary Perspective of Strategy and Politics, (Delhi, 1978), p. 77.

of military capability and the defence budget continued to grow, to allow for normal inflation, modest modernization of obsolete hardware and in providing for pay and pensions for armed forces personnel.

For a comprehensive analysis, the whole period of the eighties has been divided into two parts. Part one is from the year 1980-84, that is the regime of Mrs. Indira Gandhi. The second part covers the period from 1984 to 1989 during which Mr. Rajeev Gandhi was the Prime Minister.

Mrs. Gandhi's Period:

The beginning of 80s have seen the internal threats to security becoming far more serious than the external threat.

Externally, relations with the neighbouring countries continued on a love-hate basis, the latter occurring more frequently than the former Pakistan's quest for nuclear status and the Chinese modernization programme continued to be India's main security concern.

Mrs. Indira Gandhi returned to power in 1980. Domestically there were disturbances in Assam, Punjab, Gujarat and Darjleeng. India stated experiencing the fall out of terrorism allegedly supported by hostile neighbour^s, in particular^y Pakistan. Hence, defence expenditure had to increase to counteract internal threats to

security and more importantly enabling the armed forces in fulfilling the role of reserved arms.

Defence expenditure doubled in current price between the period 1980-84 and increased by nearly 72 percent in the same period.

Defence expenditure increased from 3.01% to 3.10% of GNP. This has showed an increase as compared to the defence spending in the post 1962 period.

Mrs. Gandhi's period stressed more on building the capital base of the armed forces as compared to her predecessors. Revenue expenditure more than doubled in current prices from 1980 to 1981. Table 2 clearly shows the size in the revenue expenditure of the Army, Navy and Air Force right from 1980-81 to 1989-90. During Mrs. Gandhi's period (1980-84) the revenue expenditure increased from Rs. 3540.4 crores to Rs. 5667 crores. The share of Army, Navy and Air Force also increased in absolute terms from year to year during this period. (see Table 2). Similarly during Rajeev Gandhi's period the increase in revenue expenditure is clearly discernible from Table 2. The percentage allocation for the Army have declined from 60 in 1980-81 to 59.5 in 1983-84. The percentage allocation for the Navy is highest one, thus indicating the growing importance of that services.

The percentage allocation for the Air Force is the highest than the allocations made during 1962, 1965 and 1971.

Rajeev Gandhi's Period:

It is generally believed that during Rajeev Gandhi years defence had received more attention for a variety of reasons. In fact, the defence expenditure during this period in absolute terms registered the sharpest increase as compared to any other period since India's independence.

During the five years tenure of Mr. Gandhi some significant alterations have also been made in the defence budget accounting. For instance, defence pensions were delinked from the defence services estimates.

A significant development in defence budgeting during the Rajeev years was that for the first time the defence expenditure was taken into consideration by the Planning Commission in formulating the Seventh Five Year Plan. The Seventh Plan document projecting the total defence expenditure at Rs. 45,000 crores at 1984-85 prices has shown that Rajeev Gandhi's leadership decided to pay the defence expenditure at 4 percent of the Gross National Product.

Rajeev Gandhi came to power in November 1984, and remained at the helm of affairs upto December 1988. During his five year tenure as the head of the Government, the defence expenditure increased in absolute terms from Rs. 6661 crores in 1984-85 to 13,200 (see Table-3). This registered an average annual increase of 19.6 percent during the five year period.

A close scrutiny of the defence expenditure reveal that sharpest increase was during 1986-87 as percentage of total revenue expenditure, wherein it registered a 31 percent increase over the preceding year. During the subsequent three years i.e. 1987-88, 1988-89, 1989-90, the percentage increase in terms of revenue expenditure started showing a declining trend (see Table-3).

This uneven trend in increase in defence expenditure can be attributed to the developments in Siachen and border skirmishes with China in Arunachal Pradesh during 1986. As can be seen from Table 3, during the five year period of Rajeev Gandhi, defence expenditure as percentage of GNP showed a gradual increase for the first three years and started descending from 1988-89 onwards. In 1984-85 defence expenditure as percentage of GNP was 3.2% in 1987-88 ^{it was 4.1%} and came down to 3.9% in 1988-89 (see Table 3).

The Ministry of Defence in its annual report for 1985-86 has described the security environment around the

country as "serious" considering potential threats from Pakistan and China and the explosive international situation. "Pakistan," says the report, "has acquired sophisticated weapons and its quest for nuclear status poses a danger to India".

This is compounded by the fact that China has embarked on an ambitious modernization programme with military overtones, simultaneously improving its tactical situation in Tibet, thus having obvious serious implications for India. We find that in our East, countries like Burma and Thailand spend a higher percentage of their GNP on defence, the Tamil problem in Sri-Lanka threatens to spill over into the Indian territory. Indian security environment is further affected by the conversion of the Indian ocean into a theatre of great power rivalry.³

Against this background, it would be relevant to analyse budgetary provisions for the defence services. The defence budget for 1986-87 envisages an 11 percent increase over the revised estimates for the previous year (1985-86). The total defence budgeted in this year, is Rs. 10477 crores. In this year, more emphasis is placed on building up of the armed forces than on maintenance of existing forces. Further, the emphasis is gradually shifting from more increase in numbers to modernization and replacement of equipment by developing indigenous industry.

3. Ministry of Defence, Annual Report, (Government of India, 1985-86), pp. 1-2.

9186-87

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From a sum of Rs. 8860 crores of the total revenue expenditure, army is getting 67.5%, Navy 8.0% and Air Force 23.2%, ^(See Tab. 5) From this analysis it is understandable that the army has traditionally constituted, the country's major defence arm, though of late air power and air defence systems to support land based personnel has also been receiving attention. As in developed countries, in India too, the emphasis is gradually shifting towards enhancing the fire-powers of the army rather than mere increase in numbers and to indigenous production. In this scheme the ~~other~~ ordnance factories play a vital role.

The Indian Navy has to guard a coastline of over 5,700 Kms. The security zone extends 12 miles into the sea. The economic zone extends to 200 miles into the sea. This zone has enormous economic implications for India with off-shore installations, marine life and potential mineral resources of the seabed. These new responsibilities for the Navy necessitate an appraisal of its role in the overall security environment.

The outstanding feature of the 1987-88 budget is the whopping Rs. 3,784 crores or 43 percent increase in the outlay of Defence Services. In this statement Mr. V.P. Singh, the then Financial Minister said,

"I need not elaborate on the compulsions of the geo-political climate which has made the increase in defence expenditure.⁴ In 1988-89 the Defence expenditure in crores of rupee is 13200. Establishment of new Ordnance factories and the overall pace of modernization of public sector undertakings under the Ministry of Defence slowed down. The proposed Defence budget estimates of Rs. 14,500 crores for 1989-90 tabled in Parliament confirmed that in this election year the Rajeev Government has yielded to the popular slogan of sacrificing defence for development purposes.

The allocation in 1989-90 is Rs. 2,000 crores less in real terms. This means that the normal five years and the inflation rate of a little less than 10 percent, has not been taken into consideration.

The principal reason for this decrease is the resource which is likely to persist for the next few years. This is a process that is bound to affect both the modernization programme of the armed forces and the collaborations of the next defence five year Plan".⁵

4. Sreedhar, "India's Defence Spending in 87-88." The Times of India, (New Delhi, 29 January, 1987).

5. Mahendra, Ved., 'Decrease in Defence Outlay' The Hindustan Times, (New Delhi), 15 April, 1989.

This trend in revenue expenditure and capital expenditure in the total defence expenditure during the Rajeev Gandhi's period can be seen from Table 1. The share of revenue expenditure in the total defence expenditure during his first year as Prime Minister was 88.9 percent. It marginally decreased to 87.9 percent and 87.6 percent in 1985-86 and 1986-87 respectively.

The status-quo is understandable as no large-scale administrative^{ve} plans were initiated during the first half of Rajeev's stewardship. In spite of the implementation of the Fourth Pay Commission in 1986-87 and the subsequent revision of pay and allowances of three services, defence expenditure incurred sharply from 1987-88 onwards as compared to 1985-86 and 1986-87.

The share of the three services in revenue expenditure makes interesting reading as shown in table 2. As it shows in Table 3 in 1984-85, the share of Army, Navy and Air Force in revenue expenditure were 67.1 percent, 8.6 percent and 24.27 percent respectively. In 1985-86, ordnance factories, which were earlier shown as part of the Army were delinked and share of the three services namely Army, Navy and Air Force and the ordnance factories in the total revenue expenditure were 65.6 percent, 8.6⁴ percent, 25.2 percent and 0.8 percent respectively (see table 4). In 1986-87 the percentage

share of the Army in the revenue expenditure started registering a marginal increase with the Navy and Air Force showing a corresponding increase. By 1987-88, share of the Army sharply increased by 6 points and the Air Force recording 5.3 points decrease. The ordnance factories also registered a 0.7 point increase. Interestingly, the share of the Navy in 1987-88 in revenue expenditure remained almost constant (see Table 2 and 4).

In the subsequent two years i.e. 1988-89, and 1989-90, the share of the army came down marginally to 72.3 percent and 72.5 percent respectively, and the share of the Navy and Air Force and Ordnance Factories recorded marginal increase as shown in Tables 2 and 4.

One explanation for this pattern of revenue expenditure of the defence budget could be the massive Indian Peace Keeping Force operation, in Sri Lanka ^{as per the} accord _{of} on July 29, 1987.

The increased defence budget during the Rajeev Gandhi's period went more towards capital expenditure than towards revenue expenditure. Though in absolute terms the revenue expenditure of the Army increased from Rs. 4811 crores in 1985-86 to Rs. 7650 crores in 1989-90 a large part of it went to pay and allowances (see Table 5).

In the case of Navy's revenue expenditure, the share of pay and allowances in 1985-86 was 26.4 but it increased to 34.5 in 1989-90. In the case of Air Force it increased from 16.3 to 28.3 (see Tables 6 and 7).

During Mr. Gandhi's years, the R&D in the armed forces received a high push. A close scrutiny of the capital expenditure in the defence budget during the Rajeev Gandhi's years indicates a totally different trend. Unlike in the revenue expenditure, where the Army received ^{more than} ~~difference~~ ^{over} the remaining two services in terms of allocations, the Navy and Air Force received greater attention in the capital expenditure. In 1985-86, the capital expenditure of the defence budget was Rs. 967 crores (Table 1). By 1989-90 the last year of Rajeev Gandhi's stewardship the capital expenditure of the defence budget increased by more than 33.7 percent reaching Rs. 4229 crores.

In percentage terms the share of the Army during the period from 1984-85 to 1987-88 in the capital expenditure varying between 38.6 and 25.2. In 1988-89 the percentage share increased to 26.9. It again showed marginal increase in ¹⁹89-90 when it touched 28.5 (see Table 8).

The share of the Navy though came down in 1985-86 as compared to 1984-85 and went up again to 44.8 percent of the total capital expenditure in 1986-87. This is the period when India successfully negotiated the second Air Craft Carrier and enlarged ~~of~~ submarine fleet. In addition, there was the acquisition of the Naval air arm during this period. There is a sudden fall in the percentage share of the Navy in the total capital expenditure, when it was only 26.6 percent. In the subsequent period from 1988-89 to 1989-90 the percentage share hovered around that same figure (see Table 8).

The share of the Air Force in the capital expenditure makes interesting reading. It was less than 10 percent during the first two years of Rajeev Gandhi's Prime Ministership and went up sharply in 1987-88 to 37.7 percent of the total capital expenditure.

A substantial amount of this rise is due to shifting of expenditure on aircraft and aeroengines to capital expenditure. In the subsequent two years 1989 and 1990 it declined but remained well over 30 percent of the total capital expenditure. This sudden spurt in the Air Force's capital expenditure budget can be attributed to the acquisition of the new fighter and transport aircrafts.

These five years witnessed a sharp increase in defence expenditure on two major counts. Firstly on revenue side due to implementation of the Fourth Pay Commission's recommendations that were there in the Indian armed forces inventory came to an end; and as a part of the modernisation process, major weapon acquisition programmes were initiated.

This period witnessed four major warlike situations, localised wars and the Indian armed forces were asked to go the rescue of India's immediate neighbours. The localised wars in Siachen in J&K with Pakistan, the border Skirmishes in Arunachal Pradesh and the Pakistani belligerence at the time of exercise Brasstacks, could be dealt with firmly and decisively because of the modernisation process initiated during these years.

During the regime of Mr. V.P. Singh, Defence spending was increased to meet the serious threat situation from across the border, particularly the neighbouring Pakistan. The former Prime Minister, in fact, was on record, in criticising the Rajeev Gandhi government for not increasing the defence spending. Therefore the Prime Ministership of Mr. V.P. Singh witnessed the rise in defence expenditure. Financial Express, taking a note of the rise in defence expenditure under V.P. Singh rule, commented -

There is no doubt that the Prime Minister, Mr. Viswanath Pratap Singh's announcement of an increase in defence spending was provoked by Pakistan's belligerent postures.

It also added that,

There can be no compromise on measures to cope with the security environment, but over stress on increased outlay on defence carries with it the risk of considerations of efficiency being sidelined.⁶

Defence expenditure has reached its highest peak in the 1980s. The government and the armed forces are justifying the amount of money spent on the grounds of deteriorating internal and external security situations. Now when so much money is spent on defence let us analyse the impact of defence spending on the economy.

Defence expenditure has reached its highest peak in the decade of 80s as we have seen from the analysis of the trends of defence expenditure in the 1980s. The government and the Armed Forces have been justifying the amount of money we are spending on the ground of deteriorating external and internal situations.

After discussing broadly the trends in defence expenditure in 80s, it is essential to evaluate what is its impact on national economic and development. Because

6. Financial Express (New Delhi), February 27, 1990.

what ever we spend for public whether in defence or civilian sector it has some necessary impact on our development. Now-a-days it creates a lots of debates and discussions not only in India but also among developed countries. So the next chapter will reflect the impact of defence spending on economic and developmental process.

TABLE 1REVENUE EXPENDITURE/CAPITAL EXPENDITURE AS PERCENTAGE
OF TOTAL DEFENCE EXPENDITURE

(Rs. in crores)

Year	Total defence expend- iture	Revenue expend- iture	% in total D. E.	Capital defence expend- iture	% in total Defence expend- iture
1980-81	3867	3540.4	91.6	326.39	8.4
1981-82	4652	4167	89.6	484.56	10.4
1982-83	5408	4882	90.3	526.57	9.7
1983-84	64310	5667	89.8	642.47	10.2
1984-85	6661	5924	88.9	737.00	11.1
1985-86	7987	7020	87.9	967.00	12.1
1986-87	10477	9179	87.6	1298.00	12.4
1987-88	11967	8860	74.0	3107.00	26.0
1988-89	13200	9473	71.8	3727.00	28.2
1989-90	14500	10271	70.8	4229.00	29.2

Source: Economic Survey of India, Govt. of India Publication,
1980-1990.

TABLE 2SHARE OF ARMY, NAVY & AIR FORCE IN THE TOTAL REVENUE
EXPENDITURE

(Rs. in crores)

Year	Total	Army	%	Navy	%	Air Force	%
1980-81	3540.4	2128	60.10	229.6	6.48	920.0	25.09
1981-82	4167.2	2536	60.08	308.2	7.39	1005.1	24.01
1982-83	4882	2930	60.01	333.0	6.08	1226.1	25.01
1983-84	5667	3398	59.96	504.0	8.08	1294.8	22.08
1984-85	5924	3976	67.01	510	8.06	1438	24.27
1985-86	7020	4608	65.06	588	8.37	1772	25.24
1986-87	9179	6195	67.05	729	7.09	2141	23.32
1987-88	8860	6509	73.05	710	8.00	1593	17.97
1988-89	9473	6848	72.03	774	8.17	1780	18.79
1989-90	10271	7449	72.05	830	8.08	1855	18.00

Source: Economic Survey of India, Govt. of India
Publication, 1980-90.

TABLE 3

DEFENCE EXPENDITURE, GROSS NATIONAL PRODUCT TOTAL
GOVERNMENT EXPENDITURE

(Rs. in crores)

Year	GNP at Factor cost	Total Govt. expenditure	Defence expendi- ture	Defence expendi- ture % of GNP
1980-81	113882	22494.8	3867	3.0
1981-82	131740	22401.0	4652	3.1
1982-83	145141	30523.0	5408	3.1
1983-84	165312	33283.5	64310	3.2
1984-85	206445	72825.	6661	3.2
1985-86	232730	83961	7987	3.4
1986-87	258637	100790	10477	4.0
1987-88	291789	112169	11967	4.1
1988-89	346277	127780	13200	3.9
1989-90	380000	149223	14500	4.2

Source: GNP data based on Economic Survey, Govt.
of India for various years 1980-90.

TABLE 4SHARE OF ARMY, NAVY, AIR FORCE AND O.F. IN THE TOTAL
REVENUE EXPENDITURE

(Rs. in crores)

Year	Total R. E.	Army	%	Navy	%	Air Force	%	O.F.	%
1984-85	5924	3976	67.1	510	8.6	1438	24.3	-	
1985-86	7020	4608	65.6	588	8.4	1772	25.2	52	0.8
1986-87	9179	6195	67.5	729	8.0	2141	23.3	114	1.2
1987-88	8860	6509	73.5	710	8.0	1593	18.0	48	0.5
1988-89	9473	6848	72.3	774	8.2	1780	18.8	71	0.7
1989-90 (RE)	10271	7449	72.5	830	8.1	1855	18.1	137	1.3

Defence expenditure during Rajiv Gandhi's period.
Source: Sreedhar, Strategic Analysis, June 1990.

TABLE 5PERCENTAGE OF REVENUE EXPENDITURE UNDER DIFFERENT HEADS IN ARMY

(Rs. in Crores)

Year	RE of Army (Gross)	Pay & allowances	%	Transportation	%	R&D	%	Stores	%	Others	%
1985-86	4811	1861	38.7	118	2.5	258	5.3	2052	42.6	522	10.9
1986-87	6738	2344	34.8	193	2.9	361	5.4	2908	43.1	932	13.8
1987-88	6740	2780	41.3	237	3.5	486	7.2	2562	38.0	675	10.0
1988-89	7116	3026	42.5	204	2.9	499	7.0	2717	38.1	670	9.5
1989-90 (RE)	7650*	3415	44.6	205	2.8	508	6.6	2786	36.4	736	9.6
1990-91 (BE)	8125*	3664	45.1	215	2.6	608	7.5	2869	35.3	769	9.5

*This includes revenue receipts of Rs. 200 crores in 1989-90, and Rs. 215 crores in 1990-91.

Source: Sreedhar, *Defence expenditure during Rajiv Gandhi's period*, Strategic Analysis, June 1990.

TABLE 6PERCENTAGE OF REVENUE EXPENDITURE UNDER DIFFERENT HEADS IN
AIR FORCE

(Rs. in Crores)

Year	RE of Air Force	Pay & allowances	%	Transportation	%	Stores	%	Works	%	Special Projects	%	Others	%
1985-86	1825	297	16.3	22	1.2	1328	72.7	98	5.4	56	3.1	24	1.3
1986-87	2208	365	16.6	26	1.2	1627	73.8	111	5.0	56	2.5	23	1.0
1987-88	1656	443	26.8	38	2.3	947	57.2	126	7.6	73	4.4	29	1.7
1988-89	1851	476	25.7	39	2.1	1075	58.0	138	7.5	90	4.9	33	1.8
1989-90 (RE)	1917*	543	28.3	48	2.5	1130	59.0	145	7.6	8	0.4	43	2.2
1990-91 (BE)	2078*	577	27.8	50	2.4	1256	60.4	150	7.3	8	0.3	37	1.8

*This includes revenue receipts of Rs. 62 crores and Rs. 61 crores for 1989-90 and 1990-91 respectively.

defence expenditure during Rajiv Gandhi's period"
Source: Sreedhar, Strategic Analysis, June 1990.

TABLE 7

PERCENTAGE OF REVENUE EXPENDITURE UNDER DIFFERENT HEADS
IN NAVY

(Rs. in crores)

Year	RE of Navy (Gross)	Pay & allowances	%	Transportation	%	Stores	%	Works	%	Others	%
1985-86	602	159	26.4	16	2.7	351	58.3	47	7.8	29	4.8
1986-87	743	199	26.8	19	2.5	437	58.8	57	7.7	31	4.2
1987-88	730	242	33.1	37	5.1	354	48.5	61	8.4	36	4.9
1988-89	800	269	33.6	40	5.0	386	48.3	60	7.5	45	5.6
1989-90	854*	295	34.5	57	6.7	380	44.5	65	7.6	57	6.7
1990-91 (BE)	901	345	38.2	46	5.1	380	42.2	70	7.8	60	6.7

*This includes Rs. 24 crores of revenue receipts in each year for 1989-90, and 1990-91.

Defence expenditure during Rajiv Gandhi's period

Source: Sreedhar, Strategic Analysis, June 1990.

TABLE 8

SHARE OF ARMY, NAVY, AIR FORCE, OF, R&D, O IN THE TOTAL
CAPITAL EXPENDITURE

(Rs. in crores)

Year	Total C. E.	Army	%	Navy	%	Air Force	%	OF	%	R&D	%	Oth- ers*	%
1984-85	611	236	38.6	303	49.6	72	11.8	-	-	-	-	-	-
1985-86	967	265	27.4	413	42.6	90	9.3	132	13.7	63	6.5	4	0.5
1986-87	1298	349	26.9	583	44.8	104	8.0	180	13.9	77	6.0	5	0.4
1987-88	3107	783	25.2	828	26.6	1172	37.7	238	7.7	79	2.5	7	0.3
1988-89	3727	1002	26.9	1009	27.1	1274	34.2	311	8.3	123	3.3	7	0.2
1989-90 (RE)	4229	1204	28.5	1115	26.4	1331	31.5	342	8.0	128	3.0	109*	2.6
1990-91 (BE)	4803	1423	29.6	1274	26.5	1516	31.5	307	6.5	170	3.5	113	2.4

*Others during 1989-90 and 1990-91 include special projects, inspection and others.

"defence expenditure during Rajiv Gandhi's period"

Source: Sreedhar, Strategic Analysis, June 1990.

CHAPTER 4

DEFENCE AND ECONOMY : TRENDS AND PERSPECTIVES

Rapidly expanding military expenditure in India is generally caused by security factors. Whatever we are spending on public expenditure has its impact on national resources. Defence expenditure is of no exception to this. The linkages between development and defence are therefore crucial. A proper understanding of the inter-relationship between security needs and economic effects of defence expenditure is imperative in the contexts of development.

Defence has been traditionally considered as a non-productive sector and a drag in the socio-economic welfare programme of a country. Any reduction made in the defence allocation is taken for granted as a direct boost to development or economic growth.

There is still a debate going on about the impact of defence expenditure on economy. The assumption of inverse relationship between these two is so deep that even an attempt to examine, it would raise skepticism. The traditional meaning of defence cost as totally unproductive is a wrong notion.

It is tempting to claim that there is a causal link between the growing allocation of resources to defence and the persistence of underdevelopment. After all, military spending is the prototypical 'unproductive' expenditure from a socio-economic point of view. It is assumed that defence spending reduces growth and endangers development. The notion is simplistic.

The following hypothesis have been advocated to counter the above mentioned simplistic notion.

- 1) Firstly, there is ample evidence to show that certain aspects of defence spending can be productive;
- 2) Secondly, it is not obvious that a reduction in the defence burden will automatically lead to an increase in investment and social consumption, a pre-requisite of economic development;
- 3) Thirdly, the military expenditure may, through the provision of security, foster an environment which encourages increased accumulation and productivity.

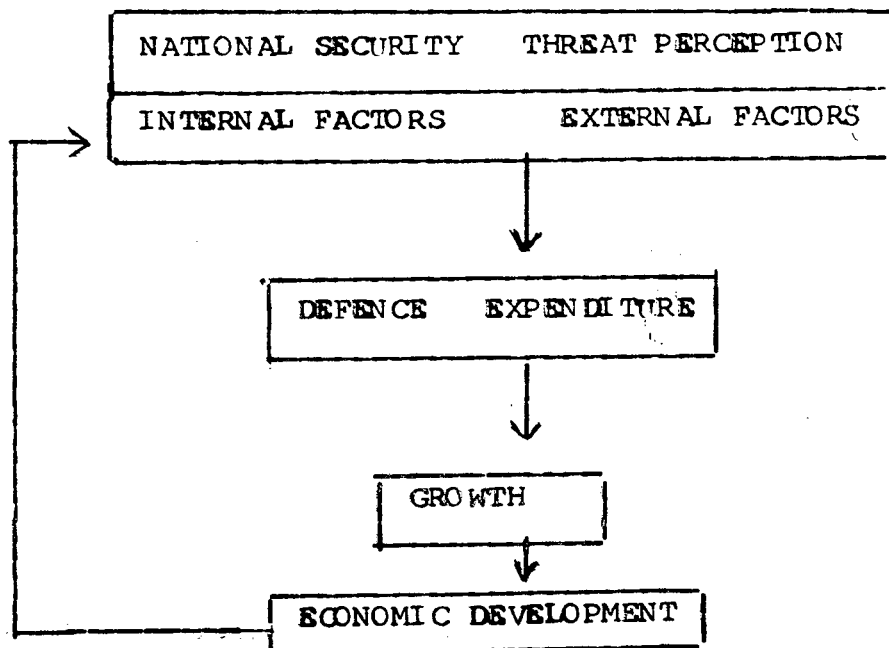
There can be little doubt that defence expenditure is often necessary for the preservation of perceived national security. Coupled with this, is the endemic

internal dimension and the effects of relying on force, for the imposition of legitimacy, a perfect recipe for defence expenditure to rise.

The relationship between national security, military expenditure and economic development are complex. The problem is that there may not be unidirectional causality. According to Sadedt Deger and Robert, L. West:

Thus the model of Political economy that tries to encapsulate the essential features of the inter-relationship has to accommodate feed-backs and reverse effect.¹

Sadedt Deger and Robert. L. West have given a very elaborate schematic figure which illustrates the complex structure of the relationship.



(THE LINKAGES OF SECURITY AND DEVELOPMENT PROCESS)

1. Sadedt Deger and Robert. L. West, Defence, Security and Development, (London, 1987), pp. 2-3.

Perceived threats to national security may have an internal or external dimension. Both will contribute to higher defence spending. Although the external threats will probably lead to a more capital intensive pattern of spending and hence a higher defence burden. This in turn will have effects on economic growth. The growth effects on defence spending can be both positive and negative. Growth may lead, through trickle down effect to socio-economic development. But in same case defence expenditures may reduce growth. The final effect on development will be adverse.

The inter-dependence of foreign policy, military policy and economic development has been one of the general themes stressed thus far. Defence policy must be in balance with foreign policy objectives, and the two must be modified so as not to undermine domestic economic priorities. For India, non-alignment has been the basic foreign policy instrument whereby external political conditions were adjusted with domestic economic and military capabilities. According to Nehru, steering clear of military alliances in the cold war would reduce military danger and enable India to concentrate on her economic development.

October 1962, Sino-Indian war suddenly brought to the forefront a very changed conception of defence and economy. The 1963-64 annual report of Defence Ministry noted:

Defence Planning is implicitly dependent on our political, economic, and social objectives and is inevitably governed by the major planks of our foreign policy.²

As it has been mentioned in chapter 2, national security in the widest sense entails not only the preservation of our territorial integrity, but also cohesion and the development of the economy, so as to enable to meet popular aspirations which ensures a reasonable balance between different regions of the country. These are mutual supportive aims, but each has a bearing on the nation's resource. The process of allocating economic resources after balancing these competing claims should rest on a broad national consensus.

The biggest threat to our national security at the present time arises not only from any aggression from our adversary or changes in global or regional power balances, or dissensions within our own borders in the north west and north east, but also from the growing weakness of the resource base which sustains our economy.

2. Ministry of Defence, Govt. of India, Annual Report, 1963-64, p.3.

The purpose of this chapter is three fold.

Firstly, to briefly recapitulate the overall trends and patterns in Indian defence spending from post Sino-Indian war to the present day. It is important to understand the economic conditions and problems prevailing in India under which defence spending has to be undertaken.

Secondly, the task is to evaluate some of the ideological factors that determine the location of defence industries in the public and private sectors of the economy. A major issue relating to defence production in the Indian context has been created by the ideological platform of the Congress party which requires that all defence industries be located in the public sector.

Finally, arguments concerning defence and development issues.

A Brief Historical Review:

When hostilities with China were terminated by late November 1962 the Government of India was about to complete the second year of its Third Five Year Plan. The third plan outlay for 1961-65 had earmarked Rs. 7,250 crores for the public sector at the commencement of the plan as against Rs. 9,600 crores allotted

in 1956 for the Second Five Year plan.³ "Of the Rs. 7,250 crores, Rs. 1,465 crores had been budgeted for 1963-64, the third year of the new plan. The plan allocation was raised to Rs. 1,651 crores by the then Finance Minister Mr. Morarji Desai's budget presented to Parliament in March 1963".⁴ The increase was justified on the grounds that the paramount claims of defence could not be undertaken unless there was a step up in the claims of economic development.

The annual budget for 1963-64, the first after the Sino-Indian war "provided for a massive increase in defence expenditures over the previous years allocations^{of} Rs. 867 crores as against Rs. 473 crores spent in 1962-63, the later figure in itself representing an emergency increase of Rs. 100 crores than originally budgeted in March 1962. The 1963-64 defence budget exceeded the Government of India's entire expenditure on revenue account for 1960-61".⁵

The near doubling of defence allocations in 1963 was primarily intended to expand and modernize the Indian army as quickly as possible. This in particular emphasized a major recruitment and training

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3. Planning Commission, Third Five Year Plan: A Draft Outline, (Govt. of India, 1960), p. 25.
 4. Times of India, (New Delhi), 8 March, 1963.
 5. Vadilal Dagil, "Defence and Stagnation", Times of India, (New Delhi), 18 March, 1963.

programme of officers and jawans for ten new mountain divisions to fight at high altitudes. Unlike, the long term proposed expansion of the Air force into a 45 squadron fighting force, the Army's main requirements were additional finances to pay for men and officers, for improving communications in border areas, additional transport and provisions, and for the production of modernized automatic rifles, ammunitions, and light mountain artillery".⁶

The Army's programme therefore did not call for heavy external assistance nor for substantial foreign exchange expenditure.

It did require a major revision of the annual budget structure with greater dependence on taxation and bond issue schemes. In the first post-war budget of 1963 several revenue raising devices had to be used by Finance Minister Mr. Desai to find the additional funds. These included a series of import duties on a wide range of raw materials affecting the production of motor vehicles, engines and parts.⁷

Sharp tax increases were also imposed on the price of petrol and diesel oil leading to increases in freight road charges. There were additional excise charges on certain luxury items of Indian manufacture such as refrigerators and airconditioners, as well as on items such as Kerosene and Cigarettes. Large scale increases in income tax rates affecting lower middle income wage earners were also introduced together with compulsory saving schemes and higher corporate taxes and postal rates. Although the overall Central Government budget had increased only modestly from Rs. 2,378 crores proposed in

6. Ministry of Defence, Govt. of India, Annual Report, 1963-64, p. 223.

7. The Observer (London), 3 March, 1963.

March 1963 to Rs. 3,188 crores as proposed in March 1963 an increase of 34 percent as compared to an increase of 29 percent from 1961 to 1962, the defence budget as percentage of the total central budget had risen from the usual 15-17 percent in previous years to 28 percent in 1963.⁸

The new defence burden, a permanent feature of subsequent Indian budgets, therefore affected all classes and sectors of the economy.

"With the immediate and urgent necessities of India's defence taken care of, a year later, in 1964 a five year defence plan of Rs. 5,000 crores was formulated and presented to the Lok Sabha by Defence Minister Mr. Y.B. Chavan".⁹

After the Second Indo-Pakistan war of August 1965 over Kashmir issue the Government of India recognised the urgency for synchronizing defence with development instead of planning each on a separate and unrelated basis. The 1965-66 annual report of the Defence Ministry noted that:

Seriousness of the threat to the country's security posed by the unprovoked aggression in August 1965 and the ultimatum given by China in September 1965, emphasized the inevitable need to harness all resources of the country to the country's defence and for the defence effort to derive full sustenance from the country's economic development plans.¹⁰

8. Ministry of Defence, n.6, p.2.

9. Patriot, (New Delhi), 24 March 1964. Times of India, (New Delhi), 22 June, 1964.

10. Ministry of Defence, Govt. of India, Annual Report, 1965-66, p.5.

The 1965 military situation also provoked the National Development Council to authorise the Chairman of the Planning Commission to review the needs of both development and defence. Accordingly a planning cell was established in November 1965 in the Ministry of Defence headed by an Additional Secretary to deal with the wider aspects of development planning.¹¹

In the decades of 80s the debate between defence and development is on its high peak.

The popular perception by more optimist official pronouncement is that while there may be temporary problems such as rising prices and falling foreign exchange reserves, there is nothing seriously wrong with the Indian economy. It is indeed true that economy has been growing recently at about 5 percent annually, and a modest acceleration would be possible in the 1990, if agricultural productivity can be raised in the more backward regions, and the rates of expansion of the industry and services sectors are maintained. But this prospect, has been severely undermined and there is continuing fiscal imbalances over the 80s. This condition of economic crisis of the country at any time could lead to a crisis of runaway inflation and external bankruptcy with unpredictable political consequences. In that case our long term prospects of

11. H. Venkate Subbiah, "Defence Poses need for Austerity", The Hindu, (Madras), October, 1965.

growth with economic stability will be seriously endangered.

The expanding revenue gap through the 80s has not only raised interest charges disproportionately to the growth of the economy, but also reduced the pool of resources available for public investment; and the desired level of public sector plan outlay has been attained only through unprecedented rates of deficit financing. "Continuing budgetary deficits at high levels kept the rate of inflation at 5-6 percent a year for most of the eighties, rising to 9-10 percent at the end of the decade".¹²

India's balance of payments showed the same patterns of loss of control over the 80s. "Despite improved export performance, the current account gap rose from \$2.8 billion in 1980-81 to around \$ 5.5 billion at the end of the decade, while reserves fell from \$ 6.8 billion to about \$ 3 billion".¹³

India became dependent on continued deposit of funds by non resident Indians of the order of \$ 1.5 billion a year and commercial borrowing abroad of at least \$ 1.5 billion for viability on external account. The country's medium and long term external debt rose from \$ 19 billion to over \$ 60

12. Figures have been taken from Annual Military Balance, (International Institute of Strategic Studies, London), 1980, 1981, 1982, 1983.

13. Ibid.

billion (including loans for defence and liabilities to NRI)¹⁴. Debt servicing, which was about 8 percent of export earning in 1980-81 had risen to an estimated 30 percent by the end of the decade, a level that is clearly not sustainable for any length of time. As a consequence of continuous and worsening domestic inflation and external imbalances the external value of the rupee has fallen from Rs. 8 to the US dollar to Rs. 17.5. The depreciating exchange rate increases the pressure on the domestic budget on account of higher import costs and larger rupee costs of debt repayment.¹⁵

It is not the case that this erosion of resources over the decade of 80s was due solely to the rapid rise in defence related expenditure and imports. Other major contributory factors on the budgetary side were the growth of subsidies to keep food and fertiliser prices down, the raising of all public salaries so as to reduce the earlier gap between executive emoluments in public and private sectors, and the government inability to mobilise tax and non-tax revenues proportionately to the growth of the economy.

Some commentators were of the opinion that as India imported so many arms and other defence related items from foreign countries it extracted a large amount of foreign exchange stocks and as a result it has an

14. Ibid.

15. Ibid.

adverse affect on national economy Other contributing factors for the imbalance of external accounts are import of crude oil, edible oil and foreign exchange outflow due to modernisation process.

The main reasons for the rise in defence costs, may be outlined.

1. The most important factor clearly has been the increase in force levels. In 1970-71 India's armed forces numbered 930,000. They rose by 166,000 to be just under 1.1 million by 1978-79. In the next ten years 266,000 more were added, bringing the total to 1.36 million though even then some formations remained below the sanctioned strength. The rise of 374,000 in size of the Army accounts for most of the increase in manpower since 1973-74. At the time of Bangladesh war, India had 26 divisions and 12 independent brigades. Three new divisions were raised between 1973-74 and 1978-79; two more were added by 1983-84; and there were three more divisions by 1988-89. Besides, the number of independent brigades had risen to 30. The expansion in numbers and new raisings in the Indian army of course meant not only consequential increase in personnel costs including maintenance and travels, but larger costs of vehicles and stores

and construction costs of new command and corps headquarters and accommodation in various stations. The army's share of the defence budget rose from 43 percent to 55 percent in the eighties.¹⁶

2. The expansion of armour and firepower and the modernisation of all technical arms at a more rapid pace than before also contributed to the rise in the army's budget. With technological advances in all kinds of armaments, unit costs of replacement were two or three times higher in the eighties than in the seventies. In the ten years from 1979 not only did the number of heavy and medium tanks nearly double from 1700 to 3150, but they had superior armour-plate, guns and navigation systems. Similarly in artillery, the older 25 pounders were completely replaced by some 1600, 105-155mm towed and Sp guns with greater range, loads and accuracy and better fire control; more deliveries of 155mm guns were due. The Army's communications systems were modernized over an enlarged network, yet another capital and import intensive development.

3. Third major factor is the modernisation process in air force. Today air force is immensely superior to the force of 1978-79, whose most effective attack aircraft was the Su-7 and whose interceptors included

16. Ajit Mazoomdar, "Defence and the National Economy", Indian Defence Review, 1990, p. 72.

eight squadrons of Gnats. The costs of combat aircraft today, with their superior avionics, manoeuvrability, range and fire power is Rs. 15-20 crores each. Modernisation of the Air Transport capability replacing An-125 with An-325, and the induction of Il-76 heavy transports and strengthening of the air defence ground environment have also been costly. The Air Force budgeted expenditure, increasing from Rs. 1360 crores in 1983-84 to 3600 crores, actually under-states the financial impact substantially.

4. Fourthly, the naval expansion programme, begun in the mid-seventies was significantly enlarged in the eighties. The outlay on the Navy, shown as about Rs. 1800 crore annually (13-14% of the defence budget), is actually much higher than that as would be apparent if the full costs of new imported vessels were included. In 1973-74 the Indian Navy, with 30,000 men had one aircraft carrier, 20 other capital ships and four submarines. By 1978-79 the fleet had been augmented by four more submarines and besides the carriers it had 26 destroyer frigates of which all but seven were of recent vintage. In 1988-89 the Navy had two aircraft carriers and 29 destroyer frigates with only four older vessels among these. The submarine strength had gone up to 14. The acquisition of a nuclear powered submarine from the U. S. S. R. on a

four year lease basis also gave an opportunity to the Indian naval personnel to familiarise with the superior technology. The building up of the two ocean navy had meant the construction of three new naval bases. The navy's personnel has gone up to 52,000 including 2,000 with the air arm of the navy.

5. The fifth significant element in rising defence expenditure was the outlay on setting up production lines for the manufacture of new types of tanks and aircrafts and expanding naval construction including facilities for sub-marine building. Development of different types of rockets and missiles, as well as a main battle tank and light combat aircraft of advanced design, absorbed rapidly increasing amounts in the R&D budget of the defence ministry. The successful testing of Agni missiles and the Prithvi surface to surface missiles have also contributed to the high defence expenditure.

This is about the brief summary of the causes of increasing defence expenditure in the eighties, which have a definite impact on our economic growth. This amount has been increased in defence to cope-up with the external and internal disturbances or one can say the threat perspectives as it has been mentioned in the previous chapters.

The naval expansion, and some of the enlargement of our land forces and increase in our capability in the air are based on the tacit assumption, or possibly conscious decisions on the part of our government in the eighties, that our military capacity should be such as to enable India to play a pre-eminent political role in South Asia. But how widely it is acceptable within the Indian polity is debatable.

Ideological Factors in Economic
Planning and Defence Production:

The preceding observation indicated the continuous concern on the part of the Government of India of the impact of defence spending on Indian economic development. The dual objectives of security and development have produced various efforts to plan for both simultaneously so as to reduce the consequences of one on the other. Still in India there is not a proper link between defence and development. There has been controversy and opposing viewpoints both in India and abroad on the economic consequences of defence spending. Those with a vested interest in increasing defence allocations such as, the Armed Services and industries dependent on military demand will more often tend to see the other side of the debate which emphasizes the positive effects on defence spending on the economy. In India much of

the support for the new outlook that defence stimulates development or at least does not retard it has come from the Institute for Defence Studies and Analysis (IDSA) in New Delhi, an autonomous research wing funded by the Defence Ministry. The leading proponent has been its former Director, K. Subrahmanyam. The Indian Armed Services Headquarters also lean towards this view.

It should be noted that there is no military industrial complex in India in the sense of a link-up between private industrial corporations and the Armed Services, both of which are likely to profit and expend from higher military expenditures. In India all defence industries fall within the governmental sector. The absence of a private sector manufacturing weapons for profit reduce the effectiveness of this small but elite lobby which believes that defence expenditures benefit the development effort.

The fact that all defence industries fall within the public sector provides another aspect to the economic debate. The question from the defence perspective is whether ideological factors should stand in the way of producing the best weapons at the least possible cost, in view of the need to optimize security and development. A study of the economics of defence would require an examination of these two problems.

Control over defence and defence production was assigned to the Central Government through the Seventh Schedule of the Indian Constitution. The relevant Clause provided that legislative jurisdiction over defence was to rest with the Indian Parliament implying that political responsibility was that of the government in power while Parliament as a whole was to play a guardian's role. "In India the Armed Services are strictly under governmental control." The area of defence production was also assigned to the state as a matter of public policy although the Seventh Schedule only called for legislative jurisdiction and not state ownership of defence production.

The decision to nationalise all defence industries was in keeping with the Congress Government's often repeated policy of establishing a socialistic pattern of society. The ideological factor appear to play an important part in restraining the Defence Ministry from greater collaboration with the private sector. During a debate in 1966 on a proposed manufacture of aircraft parts by the private sector the Minister for Defence production, Mr. A.M. Thomas informed some M.Ps. that major industrial units such as the Tata Engineering and Locomotives Company, Walchands and Hind cycles had offered to build tanks and vehicle components and that the Government was considering their proposals.¹⁷

17. Lok Sabha Debates, 14 March 1966, Col. 5199.

To this statement Bhagwat Jha Azad (Congress) asked why the Defence Ministry could not produce these items themselves.¹⁸

Similarly, other members expressed fears that such a major shift in policy would lead to a military industrial complex that would have a vested interest in an aggressive foreign policy and defence expansion.

The Consequences of Defence Spending on the Economy:

Although the issue, relating to the production of the weapons for the Armed Services has somewhat been settled, the problem regarding the economic consequences of defence spending remained alive. The fundamental aspect of this debate is whether large annual defence allocation, retarded economic development by diverting resources to unproductive weapons production and by the maintenance of a massive army whose services were only needed occasionally and for short spells. The secondary aspect of this question is the inflationary consequences of spending too much on the armaments and the armed forces.

Defence and Development:

The defence-development debate is of course not unique to the Indian context but has periodically risen in both industrialized and developing countries. The

18. Ibid, Col.5199.

issue requires considerable importance in India because of widespread poverty where there is cry for the need for rapid economic development.

The Report of the Economic Advisory Council on the "Current Economic Situation and Priority Area for Action" advocated "containing defence expenditure by improving our relations with neighbours, as defence expenditure is not only a burden on the budget but also on foreign exchange resources".¹⁹ In his article "Planning Development with Defence", V.G. Rajadhyaksha pointed out that a stagnant or declining economy is a much greater danger than shortcomings in defence as it leads to violent internal dissension. One of the most obvious areas of concern is foreign exchange. The armed forces, both by the purchase of foreign defence equipment and inputs such as petroleum products imported spares and domestically produced equipment take up a significant share of our foreign exchange. Although the Government is talking about saving Rs. 1,000 crores of foreign exchange it is not certain whether this can be achieved and whether, given the unstable situation in West-Asia this saving will be enough to meet our minimal foreign exchange needs.

19. Uttam Rathod, The Options in Defence Spending, Sunday Mail, Vol. V, Issue 5, (New Delhi), February 25, 1990), p. 4.

But this is not the case alone. There are so many other factors which are responsible for the flow out of our foreign exchange. These have been mentioned earlier.

There are other groups who are of the opinion that cutting down defence expenditure would automatically mean that more resources will be available for development. In their perception the price of one tank will be able to educate 100 children. Experts and commentators fail to focus attention on the inadequate utilisation of funds in so many welfare activities. They also are not properly highlighting the issues of corruption which eat away lots of money. Therefore it is not proper to point an accusing finger at the defence expenditure and say that because of this development is suffering.²⁰

The third group is influenced by IMF who want to cut defence expenditure. Their opinion is that now there is detente prevailing all round the world, and the superpowers are talking about peace and good will. So India should take full advantage of this global trend.²¹

20. Virendra Uberoy, "Defence Spending and the Economy", The Times of India, (New Delhi), September 13, 1989.

21. Bhavani Sen Gupta, "Third World Defence Expenditures", National Herald, (New Delhi), 19 October, 1989.

Before eighties this institution was asking to cut expenditure on developmental measures and was not mentioning anything about defence. But now it is talking of cutting defence expenditure.

Against these trends, two things will come up. Firstly, defence is also one of the sectors of economy. Secondly defence expenditure can not be compartmentalised from development.

Defence also stimulates development. "Construction of roads and airfields also open up far flung and inaccessible areas of a country for rapid transportation and that facilitates economic and social development. It allows for all round upliftment of communities living in isolated areas and bringing them into national mainstream".²²

A large number of high technology inventions and developments came out of military research and development programme. The research and development covers diverse fields like transportations, communications, space technology, nuclear science and medicine etc.

In defence budget, pay and allowances, pensions constitute a major part of defence expenditure. Money spent in these fields is not directly productive. But

22. H.K. Pernjape, "How much Defence Expenditure can India Afford"? Mainstream, Vol. XXVIII, No. 28, March 1990, p. 10.

it is an integral part of it. Pension is another area which takes a large part of the defence budget. To pay for the retired employees and look after their future are the social and moral obligations of a welfare state. "Defence Services spend a substantial part of the budget, for the procurement of supplies, consumers goods, vehicles, specialised equipment, etc. These demands to a certain extent met by domestically promoted indigenous trade and industrial production. Defence oriented industries form a very important part of a country's economic system. In developing countries pressure on indigenous industries to produce defence procurements gives tremendous drive especially to heavy and high technology, and industrial sectors thereby accelerate the overall industrialization process".²³

Our defence spending has not gone beyond 4% of our GNP, we are spending less in comparison to other countries specially our neighbours like China and Pakistan. It is a very tough job to say how much we should spend on defence so that we can maintain a balance between our security perspectives (both internal and external) and our economic growth. For that reason a discussion could be made on three aspects. These are:

23. Uttam Rathod, "The Option on Defence Spending", Sunday Mail, (New Delhi), Vol. V., Issue 5, 25 February, 1990, p.4.

1. How can defence expenditure be reduced so that we should not lose our security at the same time we would have economic development.
2. How can this expenditure and the defence infrastructure be so oriented as to make the maximum contribution to economic development.
3. Defence equipment export.

One useful step taken by Rajiv Gandhi's government was to appoint a high level group under the former Minister of State in the Defence Ministry, Mr. Arun Singh to look at economics of defence expenditure. In countries like USA and UK defence expenditure is discussed more critically than any other sector of the economy. Unfortunately, in our country public opinion has not been mobilised on this issue.

The Finance Ministry does not provide some checks and balances but it lacks the expertise to deal with the basic issues such as assessment of potential external and internal threats, or a technical understanding of defence requirements. One of the major problems is that Secretaries and Senior officials in the Finance Ministry do not stay long enough to

acquire the kind of knowledge that equips them to discuss the pros and cons of various military options which ultimately determine the level of defence spending.

The external threat is not merely confined to evaluating the military capability of a foreign country but requires an assessment of their economic and industrial potential and of their short and long term geopolitical strategy and goals.

Unfortunately a sensitive matter like defence stand out from the purview of Planning Commission which is only the competent body to make a link between defence and economic growth. The only body which reviews non-plan expenditure other than the finance ministry is the Finance Commission which is constituted once in five years and again does not deal with defence expenditure.

Unquestionably secrecy of military plans and strategies must be diminished. Several foreign publications give more details of India's existing military equipment, orders placed on foreign suppliers and military personnel than perhaps are known officially to more than a handful of people in the defence Ministry and the Armed Forces.

Another corrective to defence expenditure is the press. The importance of this medium should not be underestimated. The media has got a significant impact on influential sections of the public opinion. Public awareness of defence expenditure and its impact on economic development would help the defence establishment 'wonderfully' to concentrate its mind. The revelations in the press about the kick backs paid in some of the defence deals namely Bofors and HDW submarine make the public aware of the mishandling of the defence expenditure.

It is high time that we should make our defence issues open so that public accountability of such a vital sector is ensured. Now our country is facing a hard time both socially and politically as economic constraints of all kinds impinge on fulfilment of rising expectations of all sections of the population. Today the defence establishment is economically insulted from these constraints to a large extent. In a democracy this cannot last long. While it is imperative that the defence services are not drawn into the political arena, continued indifference to political and socio-economic issues, in fact lead to disaster.

For the development of the economy indigenous defence capability is highly essential. There should be linkage between military and civilian industry.

There should be a close link with defence industrial sector and civilian one, if the country is to achieve some kind of capability of keeping pace with technological change in the world of armaments and non-lethal supplies. It requires to master a wide range of relatively new disciplines such as electronics, material sciences, communications etc. This cannot be achieved wholly, within government controlled undertakings although many, like the ordnance factories ^{do} ~~do~~ excellent work with obsolete equipment. The civilian sector has acquired many skills in these areas and they must be harnessed. The recent decision to use TELCO to upgrade the products of the heavy vehicles factory at Jabalpur is a step in the right direction.

Organisations like the Defence Research and Development Organisation, the Indian Space Research Commission, Atomic Energy Commission, Bhabha Atomic Research Centre are doing pioneering work in many of these fields, but they need manufacturers who can productionise their research. Closer interaction between the civilian sector and DRDO, ISRO, BARC and

other research bodies financially supported by government as in many developed countries is necessary, if this is to happen. The last thing is that relating to our export. We should set aside ideological constraints and allow this sector to export in a big way.

The civilian sector should also be encouraged to explore the defence export market, if necessary, with foreign collaboration on a buy-back basis for supply of component and sub assemblies if not for complete equipment.

To summarise, by substantially trimming defence expenditure both in terms of foreign exchange and rupees, increasing procurement through the civilian sector and rapid growth of exports the defence sector can be a major factor in accelerating the nation's economic growth and making India less vulnerable politically and economically to the rest of the world.

We should not be unduly critical of the defence expenditure nor should we belittle the link between defence spending and development. What is needed is the stemming of the unproductive expenditure whether in defence or civilian sectors.

The size of the defence budget is decided among others by the political leadership, which perceives the threat both internally and externally. The political leaders perceptions on defence expenditure depends on their ideological strands. As representative of the people they mould and mobilise public opinion. Since our defence spending has reached the highest ever level ~~it~~^{it} is pertinent to know also how our political parties have responded to this issue.

Therefore, in the next chapter an attempt has been made to examine the stand of political parties on this sensitive issue.

CHAPTER 5

POLITICAL PARTIES AND DEFENCE EXPENDITURE

Indian defence budget to a great extent is determined by the political decision-making structure and process. To know precisely why a huge sum of money is spent in the defence sector one has to understand as to who makes the decisions and under what domestic, political and international circumstances. In doing so, we have to shift our focus to the Indian Parliamentary system. This is the cornerstone of the Indian political system. Parliamentary control over defence does not mean that the ultimate authority, lies in the prerogative of the Cabinet, the government or the majority party; rather it rests with government, with Parliament overseeing the authority. According to Article 79 of the Indian Constitution, Parliament consists of the President and the two houses known as the Lok Sabha (House of the people) and Rajya Sabha (the Council of States). So responsibility for national defence is vested in the President who acts on the advise of the council of Ministers. The Council of Ministers then is accountable to Lok Sabha. According to the 7th Schedule of the Indian Constitution "the Union Parliament was given legislative jurisdiction to cover all aspects of defence, including defence production.

Parliamentary control over defence covers everything that comes under defence. "Parliamentary control over government defence policy as well as defence production, other adhoc measures such as the emergency regulations of strategically important industries may also be adopted by the government from time to time. Control is exercised through the Parliamentary debates and the standing Committees notably the estimates and Public Accounts Committees and the Committee on Public Undertakings. The entire legislative body does not make policy, but may guide or influence in certain direction through debates and investigations.

Apart from debate and investigation Parliament's ability to influence the direction of defence policy is ^{derived} ~~desired~~ from its Financial powers. According to Article 265 and 266 of the Indian Constitution, the Cabinet cannot raise or spend money for defence purposes without the authority of Parliament. In effect, so long as the ruling party has an absolute majority in the lower house, there is no limit to which defence expenditures may be pushed except that imposed by the availability of resources, intra party policy differences, and the economic and technological

feasibility in the utilization of defence allocations. If on the other hand, the defence budget is defeated in Parliament it would constitute a vote of no confidence and result in the resignation of the government in power.

Parliament is an institution. But in order to know the real politics, we have to go beyond formal institutions and understand the forces that operate them. Inside Parliament, Members from various political parties participate in the debates and discussions, and finally approve a measure. As India has a multi-party system whatever the political parties take a stand, the ideology behind it plays a very significant role. Decision on defence has no exception to it.

A Brief Historical Review:

In our Indian political system baring 1977-79 and 1989-91 the continued dominance of the Congress Party in Parliament enabled the government of the day to get Parliamentary approval in defence matters without any hindrences. Disapproval by the small and fragmented political opposition had a very little or no consequences. At the same time the dissidents within Congress against defence policy was disciplined by the party whip and dissenting members were made to align themselves with government policy.

In India shattering military failures such as the ~~debacle~~ NEFA ~~debate~~ in November 1962 could not produce Parliamentary pressures sufficient to threaten the long dominance of Congress party. "No doubt, with the Chinese occupation of Longju on 8th September 1962, parliamentary pressure from the opposition for stronger government action had taken on a new dimensions that was unlike the situation in the fifties when the government was more easily able to shelve or deflect opposition demands and criticisms. But with the passing of the Sino-Indian crisis by late 1963 the situation increasingly resembled that of the fifties. The 1965 war with Pakistan brought to the forefront ~~the~~ threat to our security. Even though India was victorious in the war she was not all that successful in the Rann of Kutch sector. All these had a bearing on the determination of defence spending. But the logic of Congress dominance led to the adoption of its policies as far as defence issues were concerned.

In pre 1977, India, opposition members could shout or stage a walkout, but they could not influence government policy. Defence policy making in India has been a one party affair. Debates and discussions has become more or less a formality than a shaping factor. The real decisions and opposition would usually take place outside the Parliamentary debating forum among

various Congress party leaders and their respective civil service advisers and factions within the Congress party itself. Differences within the Congress party were then crucial in limiting the size of Indian defence budget and this would most likely be provoked by the scarcity of economic resources and competing bureaucratic claims to the budgetary cake. Assessing the success and failure of defence policies could then rest on personal rivalry at the Cabinet level and influence of the civil and military bureaucracies.

But the situation changed following the defeat of Mrs. Gandhi's government at the March 1977 General Election and the rise of the Janata Party to power. Although the Congress party was defeated it remained a sizable opposition party capable of displacing the government. But this could not last long. The Janata Party split into different parties. Subsequently in 1980 when Congress came back to power at the centre, ^{its} ~~its~~ dominance was again seen. This continued till 1989 general elections in which the national front with the support of BJP and left parties came to power. The decisions relating to defence expenditure during the National Front rule was made in consultation with various political parties.

The above analysis point out the importance of the political parties within a political system in which Indian defence policies are formulated and the political process whereby budgetary allocations are made to the defence services and to defence production. Both actions take place within the governmental machinery before the defence budget is presented to Parliament.

1962 was a watershed in India's defence. It showed that our defence services were not well trained and equipped to face Chinese aggression. Prior to the Chinese aggression, Indian policy of non-alignment and peaceful co-existence and the Panchsheel were accepted both by our Parliament and Chinese government. There was all party consensus on these policies. All parties ranging from left to right more or less supported this policy. The Communist party of India (CPI) and faction within the Congress party advocated this policy as it provided a basis for strengthening ties with the socialist bloc, and in particular with China; while the rightist Jan-Sangh as well as right wing members of Praja Socialist Party (PSP) and the Samyukta Socialist Party applauded the policy for its independent and rationalistic stance.

There were, of course some reservations, expressed by the Jana-Sangh and PSP on the Sino-Indian treaty on Tibet in April 1954. In May 1954, the PSP leaders Acharya Kripalini declared in the Lok Sabha -

In this age of democracy, when we hold that all people should be free and equal, I say China's occupation of Tibet is a deliberate act of aggression.

Similarly later the Jana Sangh had disapproved of the Panchsheel agreement and characterized it as the "greatest blunder of Indian Foreign Policy because it made India's northern border more vulnerable". At the same time, India's efforts to stay away from western military bloc, had been ^{supported} endorsed by PSP leaders such as Ashok Mehta and Madhu Limaye and Jana Sangh members such as Deen Dayal Upadhaya. Mr. Upadhaya, the then General Secretary of the Jan Sangh considered all military alliances like SEATO, NATO, ANZUS and the rest of them as violation of the letter and spirit of the United Nations charters....." We think it brings the cold war ever so near to our frontiers. Also we fear it as an expression of the continuing European's domination of Asia.¹

The Tibetan agreement was condemned by J.B. Kripalani. He had pressed for reduction in military spending to reflect India's image of a peaceful nation and at the same time calling for a firm stand against China.

1. Organiser (Delhi), 3 September, 1954.

There was also the question of what interest political parties had taken in defence since independence. While the non-communist opposition parties had condemned Chinese action in Tibet they had also supported non-alignment and low military expenditures. They were therefore advocating stronger political and diplomatic action rather than military efforts to stop a possible Chinese offensive.²

There was therefore a latent lack of weight in parliamentary defence debates because of the government's unwillingness to divulge information resulting in the ignorance of M.Ps. on defence matters. Consequently there is also unwillingness on their part to vote against defence budgetary demands for fear of undermining national security. This situation was pointed out by some M.Ps. Inderjeet Gupta (Communist) complained that "we are asked to hand over Rs. 900 crores to the government to make proper arrangements for defending the country, while being denied knowledge of the pattern of spending simply on the ground of security."³

Similarly Frank Anthony (nominated, Anglo Indian) alleged that "it has become almost a bad tradition for the defence Ministry to keep the House deliberately ignorant of the most elementary defence preparations,

2.

3. Lok Sabha Debates, 4 April 1963, Third Series, Vol. XVI, No.34, Col. 7961.

and went on to suggest that it would be more honest on the part of the government to avoid this force of the motions of getting us bindly to endorse a huge bill of expenditure.⁴

The massive increase in defence expenditure from about Rs. 300 crores in 1962, prompted N.G. Ranga (Swatantra) to inquire whether the Defence Ministry had even got the organizational equipment to spend the money efficiently and satisfactorily during this period.⁵

Following the Sino-Indian war of 1962, some attempts were made by non-Congress party members to institute a parliamentary Defence Committee to oversee governmental policy making and execution.

In 1968, Major Ranjeet Singh a Jana Sangh member proposed greater Parliamentary supervision through a standing Defence Committee in Parliament.⁶ This proposal was rejected by the then Defence Minister Mr. Swaran Singh. He said that Parliament already had adequate avenues of control through the public Accounts Committee, the informal consultative Committee on defence and through regular forum of Parliamentary

4. Lok Sabha Debates, 6 April 1963, Third Series, Vol. XVI, No. 36, Col. 8207.

5. Lok Sabha Debates, 4 April 1963, Third Series, Vol. XVI, No. 35, Col. 7981.

6. Patriot, 24 February, 1968.

debates. His rejection was based on the grounds that it would impinge on functional spheres.⁷

In 80s, the consciousness of political parties about defence and national awareness about security related issues saw a slightly qualitative jump. "The decade of the 1980s opened with Soviet troops in Kabul.⁸ Suddenly defence concerns, dawned a new within Parliament. Even technical details relating to modern weapons system were agitating the minds of members. They were enquiring about the progress made on the Main Battle Tank and Light Combat Aircraft. Parliament was equally concerned about the neighbourhood beyond Pakistan and was trying to understand what was after all happening. What did it mean for India? Another very significant development of this decade was the phenomenon of internal strife surfacing in various parts of the country: 'Hand it over to the Army' come to be heard almost routinely.

There are four factors ^{which were responsible} combined to raise the consciousness of political parties about defence during 80s. They are -

1. Pakistan's reamament consequent upon presence of Soviet troops in Afghanistan.

7. Patriot, 20 August, 1970.

8. Jaswant Singh, "Parliament and Defence", Indian Defence Review, January 1991, p. 31.

2. The frequent use of the Army in quelling civil disorder, particularly in Punjab during "Operation 'Blue Star' and "wood rose".
3. The operation of IPKF in Sri Lanka; and
4. Bofors and HDW Submarine scandal.

Response of Political Parties in 80s:

For the purpose of analysis in this chapter only the role of selected National Political parties will be taken into account.

Congress:

In the post-independence era barring the period 1977-79 and 1989-91 Parliament was dominated by one party that is the Congress. However, that scene has changed. The opposition parties were more vocal about defence both inside and outside the House. The decades of 80s has witnessed a deteriorating condition both externally and internally and the hike in the defence budget.

Nehruvian Concept of Defence:

Once Nehru asked a question, In what lies the strength of a people for defence? And he answered: "well, one thinks immediately about defence forces - army,

Navy and Air Force perfectly right. They are the spare points of defence. They have to bear the brunt of any attack. But how do they exist? What are they based on? They are based on the technological advancement of a nation. The more a nation is advanced in technological front, the more capability its defence forces get to face the enemy.⁹

"You may import a machine or an aircraft or some highly technical weapon and you may even teach somebody to use it, but that is a very superficial type of defence because you have not got the technological background for it. If spare parts go wrong, your whole machine is useless. If somebody from whom you bought it refuses to supply a part of it, it becomes useless, so that inspite of your independence you become dependent on others and very greatly so".¹⁰

Therefore, he stressed that apart from the army, navy and air force, we had to have an industrial and technological base in the country. The scope of defence, therefore, according to him, was defence forces plus industrial and technological background plus sound economy plus the spirit of the people.¹¹

9. P.L. Malhotra, "Education's role in developing defence capability", Patriot, (New Delhi), 26 June 1985.

10. Ibid.

11. Ibid.

Nehru took a very broad meaning of security. He said "The growth of a self reliant economy and establishment of a just social order are also vital for preserving the independence of the country. A country which tolerates gross inequalities in society cannot defend itself. For an effective defence a just social order is a must."¹²

He considered a very wider meaning of security and defence. The very word 'secrecy' as it is maintained now-a-days was not accepted to Nehru. He said "there should be no distance between the people generally and armed services, they are all also one, because recruitment to the armed forces is made from the masses. The old idea that the army was a separate entity does not hold good."¹³

The Nehruvian concept of defence and defence expenditure guided the Congress leaders. Mrs. Gandhi said "defence policy cannot be viewed in isolation. It is an integral part of our foreign and domestic policies. It must have the closest coordination with other areas of government. It is intimately linked with health of the economy, the system of industrial and agricultural production. The prevalence of order and essence of national purpose is vital. The work of

12. Ibid.

13. Ibid.

farmers, of factory workers and house wives is necessary background for the valour of professionals in the defence forces.¹⁴

Despite such utterances of Congress leaders everything regarding defence remained unknown to the public in the name of security. During Mrs. Gandhi's period, defence expenditure increased mostly due to perceived external threat and internal disturbances. Hike in defence expenditure should and must not lead to the non-fulfillment of the basic requirements of the people. For whatever we do to secure ourselves from external aggression, it will not be sufficient if the vast populace will remain insecure with hunger, poverty, malnutrition and diseases affecting them.

No doubt we have to pay for our defence, to maintain our territorial integrity, but at the same time we just cannot escape from our national economic development. Being the dominant party having absolute majority in the Parliament, Congress party always goes for the high defence expenditure. Some of the members of Parliament belonging to Congress party advocated for high allocation for defence sector. Prof. Narain Chand Parasar (Congress), said "Defence preparedness

14. Lok Sabha Debates, 19 July, 1980, Cols. 32-33.

is the concern of the entire nation and all the resources of the country have to be harnessed for this purpose".¹⁵

The same view was expressed by R.P. Gaekwad. He said

The Defence Ministry should have got priority over all other Ministries. In spite of our limited resources, and though, we do believe in non-alignment and we do not want to conquer any more countries or lands we have to safeguard our own interest our own lands and our own people. For that we have to have an adequate defence equipment so as to face any onslaught from outside. This year there is an increase in the budgetary allocation, but that can be put down to the price-hike. I feel that more funds should be allotted to this Ministry.¹⁶

There are continuing disturbances, turmoils around our country. So in order to equip our armed forces we should be well prepared. Even though we are following the path of non-alignment our peace and security can be effectively guarded with more investment in our armed forces. If more funds are allocated the country can go for an atom bomb.¹⁷

During the period of Rajeev Gandhi there are disturbances not only from external but also from internal troubles. In order to face all these things ^{the government had} ~~we have~~ to ^e expand money on that. One cannot undermine this reason.

Replying to the debate on the demands for grants of the Ministry of Defence for the year 1981-82 the then Prime Minister Smt. Indira Gandhi shared the concern

16. Ibid, Col. 14.

17. See Ibid, Col. 15.

of some members of Parliament who asked for a substantial increase in defence expenditure. But she maintained:

It is not our intention to build a war machine or to compete in the arm race. Our aim is primarily to prevent others from disturbing our peace and our development. Our resources are limited. Defence is an integral and important part, and yet only one part of our national endeavour. It cannot be built at the cost of socio-economic development nor would it be effective without a strong economic base or a limited, disciplined and contented people.¹⁸

She further added,

Modern security implies defence plus foreign policy, plus self-reliant technology. It rests on the soundness of the economy, on political cohesion and social harmony. But in the ultimate analysis it is the people who count their morale, their commitment and Patriotic determination.¹⁹

Despite the professed policies of integrating defence and development the Congress regime under Mrs. Indira Gandhi allocated the highest ever amount to the defence sector. The domestic scenario in terms of poverty, unemployment, malnutrition and other economic problems continued to adversely effect the internal aspect of security. But it was reassuring to see that Indian defence forces were definitely better equipped than before.

18. Lok Sabha Debates, 9 April, 1981, Colume 364.

19. Ibid, Colume. 372.

The same policy was continued the Congress-I Government under the Prime Ministership of Shri Rajeev Gandhi when he assumed power in 1985.

Replying to the debate on demands for grants of the Ministry of Defence for the year 1987-88, the then Finance Minister Shri K.C. Pant, assured Lok Sabha that, where national security was concerned no laxity in any manner would be allowed. Besides, he added,

prioritieswithout limited resources and our ~~Ministers~~ on the socio-economic front, our priority to remove poverty, we need every single rupee for development purposes. But to protect the independence of the country, its sovereignty, it is not economic growth alone which is needed, we have to have a strong economic, we have to have socio-economic transformation we have to have strong military, strong armed *forces* courses, confident of the ~~will~~ ^{will} to win, with the determination to ~~win~~ and behind that you have to have a united population, we have to have a polity in which the whole world and the people of this country have confidence, you have to have a democratic system which can produce the results. All this things a strong polity, a strong economy and a strong defence are intertwined and, therefore, we have to see that defence has many dimensions. ^{20.}

The defence Minister Shri K.C. Pant also referred to the forces of destabilization which are against India. According to him this destabilization is multidimensional and it is to be found in the armed forces, the police^s,

and economic sphere. Therefore ^{he} ~~to~~ ^{ed} express the resolve of the government not to neglect the issues of security.²¹

Referring to the economy in defence expenditure, he agreed, with the other members of parliament who participated in the debates on demands for grant of the Ministry of Defence for the year 1987-88 that areas of economy would be look^{ed} for without effecting the defence preparedness.²²

The Congress policy in its election manifesto for the general election of 1991 declared its policy on defence matters very clearly. It said,

the party has pursued a policy of ensuring that our armed forces are appropriately equiped and for this purpose has established defence production capability using indigeneous and also imported technology to make the country self reliant to the extent possible. The Congress government established research and development capability for developing the acquiring the necessary technology required by the defence forces. The research and development effort successfully produced Agni, Prithivi and other Missiles.²³

The basic postulates of Congress (I) government's defence policy were ^{to} provide a security framework within which territorial integrity of India will be safeguarded.

21. Ibid.

22. Ibid. Col. 252.

23. Indian National Congress (I), Election Manifesto, General Election 1991. p. 55.

9+8
 policies also aimed at ensuring defence preparedness at a level where it could not only meet the external aggression but also contain the domestic destabilization link^{ed} to inimical external forces. Thus the security preception of the Congress party was determined by both the internal and external threat perception.

Despite the declared policy of the congress government to look for areas of economy in the defence sector, the party did nothing to materialise its objective. Rather the whole government was rocked by scandals involving defence deals. For instance the alleged kick-backs in the Bofors Gun and HDW submarine deal adversely effected the credibility of Congress (I) government to bring about economy in defence expenditure.

National Front

The policy perspectives of National Front an issues involving security ^{and} ~~of~~ defence matters have been outlined in its General Election Manifesto of 1991. The party envisages the integration of diplomacy, defence, economic and cultural policies, so as to create conditions wherein India could play its legitimate role.

The Front criticized the Congress (I) government of Rajeev Gandhi for making India vulnerable to outside pressures. It said that the total absence of a national security doctrine, ad-hoc decision making and an easy importing ^{of} arms, ~~open for~~ extraneous considerations ^{in defence deals,} and kick-backs _^ have all adversely affected the nation's security. It undermined the need for the assessment of external threats to the security of the country on a careful study of the strategic environment. It emphasized that, overall security doctrine for India with in orientations for peace should be evolved. Accordingly to the Front^t, the doctrine takes a total view of defence rather than a fractured ^{ed} service by service approach and to give a central place to self reliance in defence matter. The Front also promised in its election Manifesto to establish a National Security Council under the Chairmanship of Prime Minister which will evolve a consensus on Foreign and defence policies and co-ordinate with various Ministries and departments connected with national security.

After assuming office, Prime Minister V.P. Singh's government assessed the threat emanating from Pakistan as a serious security concern for India. Therefore, he publicly proclaimed that nation should be prepared for a war if it was thrust upon. Probably realising

the inadequacy of the defence preparedness for armed forces, criticised the Congress government for not allocating enough resources for defence spending.

Since the National Front Government highlighted the issue involving the corruption in defence deals, it stressed the need to create conditions so that India became militarily self-reliant.

The Front in its 1989 election Manifesto committed itself in the peaceful uses of nuclear weapons. However it asserted that the country cannot ignore the nuclear weapons and non-nuclear powers in the region and must take that into account in evolving a security doctrine. In this context it added that the nuclear options will be kept open.²⁵

Even prior to the formation of National Front when Janata Dal was existing, its members were demanding for better allocation of project for defence spending.²⁶

Bhartiya Janata Party:

Right from the beginning of the formulation of the Panchsheel policy, BJP (the erstwhile Jana Sangh) was critical of the defence and foreign policies of the Congress government. During 80s, the postures maintained

25. National Front Manifesto for the General Elections, 1989 p. 36.

26. For instance when Subramaniam Swamy was a member of Janata Dal he demanded more resources for defence forces. Lok Sabha Debates, 24 April, 1983, Col. 361.



by BJP, was also critical of the Congress handling of defence spending and issues.

While participating ⁱⁿ the demands for grants of the Ministry of Defence for the year 1980-81 Shri Atal Behari Vajpayee of BJP categorically stated that question of security is a national question and our borders have to be guarded very effectively.²⁷ He also criticised the deployment of army to tackle law and order problems.

After reviewing the situation during early and middle 80s, the BJP argued that defence preparedness had suffered grievously in the hands of Rajeev Gandhi's government which was gripped by ad-hocism. It also maintained that the corruption surrounding defence procurements which also adversely affected the defence preparedness of the country.

The party also criticized the Rajeev Gandhi government for mis-employing in an adventurous manner, the Indian Armed Forces on political roles or on militarily unattainable tasks. The party inferred, that this has caused a very serious lowering of the morale of the Armed Forces.²⁸

27. Lok Sabha Debates, July 18, 1980-81, Cols. 270-71.

28. Bharatiya Janata Party, Election Manifesto, Lok Sabha Elections, 1989, p. 39.

It can be interpreted that BJP stood for a higher defence spending, because of its solemn assurance that the Indian Armed Forces would not lack either in equipment or in their necessary wherewithals to execute their responsibilities. The BJP promised that it will exert, among other things, for the production of nuclear bombs and delivery system, and defence research and development, enhancement of India's Naval capabilities and improved service conditions in the Armed Forces.²⁹

All these above promises if implemented will escalate the defence expenditure. Further, the catalogue of plans which BJP envisaged in its 1991 election Manifesto, if executed will further contribute to the enhancement of defence spending. For instance, it asserted that India cannot afford to neglect defence in the context of Iraqi occupation of Kuwait and the subsequent US action to forcibly vacate Iraq from the Kuwait territory. It also promised to give the nation a Blue Water Navy. These kinds of approaches for the development of a very strong armed forces will naturally involve huge defence expenditure.³⁰

29. Ibid, p. 40.

30. Bharatiya Janata Party, Mid Term Poll to Lok Sabha, May 1991, Our Commitments towards Ram Rajya, p. 39.

However one redeeming feature about BJP's stand on defence expenditure is that in 1989 it promised greater public accountability of defence expenditure.³¹ In 1991 the party promised to effect economy evenwhile improving defence capability.

It seems, BJP could realise that the involvement of such a huge expenditure entails greater responsibility on the part of the armed forces, therefore it wanted that public accountability of the defence spending be ensured.

Communist Party of India:

The Communist parties are very much vocal on issues of defence expenditure.

The Communist Party of India had criticised the government of India's acceptance of aid from the west regarding the threat perception during 1962 the CPI continued to warn the Indian government of American backed threat from Pakistan, when Kennedy poured huge quantities of military hardware into Pakistan and equipped her military machines with supersonic aircrafts. As far as China was concerned, the CPI expressed distress, but felt that dispute could be settled through peaceful negotiations.

31. BJP, n. 30, p. 40.

In 1959, CPI had the opinion that socialist China can never commit aggression against India. But after 1962 this party faced an embarrassing situation. Nevertheless it could not change that perception due to ideological proximity with China. During 1970s and early 1980s the perception of the party towards security issues changed as there emerged Sino-US-Pak cooperation on strategic issues.

CPI criticized the government policy and its plan for expenditure.

The country has never ^{grudged} guarded money being expended on defence despite the bitter choice between guns and butter which confronts a nation nearly 50 percent of whose people are subsisting below the poverty line. But the least that the country and especially Parliament can assert is their right to know whether the vast amount of money involved is being properly and purposefully spent, that proper cost effectiveness is being given in the highest priority, that wasteful expenditure is being weeded out.³²

Criticizing about the keeping secrecy in defence matter Mr. Inderjeet Gupta said:

It is becoming almost impossible to have a fruitful debate on defence in the Indian Parliament because of the secretive attitude of the government in the name of security. There has not been a single white paper on defence since 1947. Yet the "poor" quality of defence budget is criticized outside Parliament as though it is entirely the job of the M.Ps. to ferret out the facts from their own sources and government has no responsibility to take Parliament into confidence.³³

32. Inderjeet Gupta, "Make sure, Money is well spent", Patriot, (New Delhi), 20 April, 1987.

33. Ibid.

Regarding the defence budget of 1987-88 which allocated Rs. 12512 crores, CPI opined that it was an all time record.

Even allowing for the falling value of rupee, cost escalations, and the inevitable rise in pay and allowance of the defence services the quantum jump in the last 17 years from Rs. 1,200 crores in 1970-71 to Rs. 12,512 crores, in the current year call for deeper analysis and fuller explanation from those in authority.³⁴

CPI admitted the deteriorating security environment since Bangladesh war. And it is primarily the intensified danger emanating from a US-backed Pakistan in terms of latest weapon systems and technologies, which is compelling India to divert its limited resources from urgent developmental needs to defence priorities. But at the same time it opined that "we may not speculate at this point of time how the Pakistani threat is likely to be effected by two perspective development - the Soviet military withdrawal from Afghanistan and the pull out from Saudi Arabia of the 10,000 strong Pakistani army contingent".³⁵

In the early 1980s the Communist Party of India perceived its threat to India's sovereignty and integrity from the "coordinated military operations"

34. Ibid.

35. Ibid.

of the Pentagon and Peking.³⁶

National Council of the Communist Party of India in its meeting held in New Delhi during July 12-15, 1980 adopted a resolution on "Recent Trends in International Developments". In that they outlined the threat posed to India from the Sino-USA activities in the region.

The resolution also talked about the threat posed to India's stability, national integrity and sovereignty by the forces sponsored by China and USA through Pakistan. Particularly referring to the turmoil in the north-eastern region of India the resolution observed,

The Washington - Peking military tie up has led to deeper and more active involvement of the Zia military dictatorship of Pakistan as the forward base of the Sino-US regional strategy directed against India, Afghanistan as against peace and security of this sub-continent.³⁷

To remedy this situation the CPI called for a sustained political campaign of mobilizing the masses and the unity of all anti-imperialist forces to press for an active dynamic anti-imperialist foreign policy

36. Text of the Resolution on "Recent Trends in International developments adopted by the CPI, National Council in its meeting held in New Delhi during July 12-15 1980, in A.M. ZAIDI, The Annual Register of Indian Political Parties, 1980, (New Delhi, 1981), p. 381.

37. Ibid, p. 383.

that alone can measure upto the requirements of the present dangerous world situation. The resolution suggested that the campaign must aim at defending India's national sovereignty and integrity and of the peace and security of this region against the conspiracies of the Washington-Peking alliance.³⁸

In the early 1980s the CPI's perception of threat to our security was determined among others, by the aggressive global strategy of the USA wherein it could step its military presence in the Indian ocean and Gulf region. However it believed that the increasing supply of the American arms to Pakistan military dictatorship led by Mr. Zia-ul-Haque, posed grave threat to our national security. Besides, the CPI felt that the Chinese help rendered to Pakistan in the modernisation of latter's army, navy and air force have posed a serious challenge to the peace in the region.³⁹

To meet the threat posed by the arms build up in the neighbourhood and at a global level and the policies of aggression, intervention and destabilization of the Reagan administration the party suggested that the struggle for the defence of India's security and integrity must be intensified broadened and

38. Ibid, pp. 398-99.

39. Text of resolution on National Political situation adopted by the CPI, National Council in its meeting held in New Delhi during 22-25 April 1984, in A.M. Zaidi, The Annual Register of Indian Political Parties 1984, (New Delhi, 1986), pp. 218-19.

depended among the masses.⁴⁰

CPI is hopeful that with the change in the geo-strategic situation all over the world, the security situation in the sub-continent will improve. Particularly in the context of the Sino-India relations. A study of the main report adopted recently at the 11th Congress of the Communist party of China does give hope that overriding Pre-occupation with complicated problems of economic development and internal reforms may discourage repetition of the old military adventurism. Such appears to be the Soviet assessment too. In this context, every initiative for normalising Sino-Indian relations should be welcomed by the defence planners. Nevertheless, the grim fact remains that we are caught in the deadly trap of an Indo-Pakistan mini arms race. Historical rivalries and tensions apart, this is the evil fruit of the Anglo-US neo colonial strategy which began with the partition of the sub-continent and provoked three armed conflicts since then between the two countries.⁴¹

Speaking in Lok Sabha on 17th July, 1980 Shri Inderjeet Gupta of CPI said, "the cost of our defence expenditure must be tailored to our capacity also.

40. Ibid, p. 249.

41. n. 32.

We have not got unlimited capacity; we should not start imagining ourselves to be at par with nations which can spend so much, huge astronomical sums on armaments... It is a crushing burden which has unfortunately got to be borne by us because of the dangers which we are facing on all sides. But surely, the house must be satisfied that this money is being properly spent."⁴²

Mr. Gupta gave a very reactive statement on importing of arms from our friendly sources to counter our neighbours. On indigenous production this party has the opinion that:

the present day scenario is an argument in favour of greater, and not less, indigenisation; less, and not more dependence on external sources. Obviously we cannot become one hundred percent self-reliant over night. Progressive indigenisation of defence equipment is a process which despite all constraints and difficulties must be pursued with determination and preserverance, relying on our industrial scientific and technological base, supplemented, of course, by reliable assistance from countries whose friendships and cooperation with India have stood the test of time.

On R&D it gave a very satisfactory remarks, but at the same time criticised it as peripheral -

it appears as though the defence planners have less faith in the potentialities of indigenisation through our own R&D resources than in reinforcement of supplies from abroad. The biggest failures of R&D have been in the crucial sector of developing our own aero-engines and tank engines, as a result of which both the LCA and MBT

42. Ibid.

seen doomed to dependence on imported engines from the USA and FRG, and the 'Marut' Project for deep-strike penetration aircraft had to be abandoned a few years ago due to failure to raise its capacity from March 1 to March 11.⁴³

Thus this party has taken a meaningful stand on the issues concerning security, defence and defence expenditure.

In 1988 CPI criticised Rajeev Gandhi's policy of allowing American penetration into our defence establishments. In its report on international political developments adopted by the National Council of the party it was observed that the government of India was seriously departing from past policies by permitting the American firms in the name of acquiring defence technology.

In its report on internal situation the National Council expressed concern at the privatisation of defence and other public sector enterprises, and the offering of many strategic jobs to private firms. It further observed:

Muradnagar ordnance factory which was to reduce the shells for the Bofors guns has now been passed over and the job has been given to two private firms. Existing capacities of defence units as also many other public sector enterprises are lying unutilised while orders are given to

43. Ibid.

foreign transnationals and monopolies.⁴⁴

CPI(M):

CPI(M) has a very different stand on the concept of defence. As a left party having the ideology of emancipation and upliftment of working class people, it criticized the growing defence expenditure on the ground that it is the bourgeois phenomenon, based on imperialistic attitudes and unnecessary burden on the public economy. The members belonging to this party have the conception that defence as the non-developmental expenditure jeopardises the national economy.

Regarding the concept of defence the CPI(M) stand that "we can not confine ourselves to the base outlines of the organisation and deployment of the defence forces. As the report of the Ministry states the political, military, geographic and economic environment are vital factors to be taken into account in formulating the defence policy, preparedness and the perspective".⁴⁵

The same view has been shared by Mr. Honnon Mollah: "Today, defence is not an isolated subject

44. Text of the Report on International Political Developments adopted by the National Council of the Communist Party of India in its meeting held in New Delhi during 18-22, April 1988, See A.M. Zaidi, The Annual Register of Indian Political Parties, (New Delhi, 1990), p. 220.

45. Lok Sabha Debates, 18 July, 1980, Col. 18.

The motto of the present defence policy is total and absolute defence of the country. In the peace time every effort should be for the upliftment of the people and the nation as a whole, while during war time all the efforts should be transformed to defend the country."⁴⁶

It criticized the defence policy on the ground of imperialistic and colonial attitude, hence it is not in the interest of our people. Imperialist in the sense that, even after independence, we have the same colonial experience. Still we treat defence as very secretive and the people should not know any thing relating to it, because it will jeopardise our security environment.

our government do not believe in people. They have no courage to train the people militarily to defend the country. People should know what to defend, why to defend and how we shall defend. The military force is only a limited nuclear of mens but it is the people who should be prepared to defend the country.⁴⁷

CPI(M) has put more emphasis on diplomacy in relation to our neighbouring countries and to maintain a very balanced defence budget. "Vigorous pursuance of non-alignment policy, consistent struggle against

46. Ibid, Col. 349.

47. Ibid, Cols. 350, 351.

imperialist forces growing friendship with the socialist camp instead of opportunistic bourgeois, landlord policy of playing between two camps, pursuing an independent policy alone can help us to keep our borders in peace and pay more attention to the development to our national economy and ultimately strengthen our defence potentiality.⁴⁸

This party is critical of US imperialism. It said the communist bloc has been helping us in each and every national and international turmoil those we are facing, while the capitalist bloc has been deteriorating our security perspective by arming our neighbours.

Shri Amala Datta has pointed out that our problems relating to defence revolves round certain major defects. These are -

(1) Ad-hocism: At the moment, neither the people of India nor the representatives of the people are allowed to know what exactly are the threats facing the country and how we are supposed to tackle the threats. This is a very curious situation because our democratic pretensions stop here. We have a colonial style military administration. This is the situation where most of the members of Parliaments are ignorant

48. Ibid.

about defence. Mr. Amal Datta said "At least those of us who are supposed to speak here and pass the defence budgets should have some opportunity of seeing what has been done with the money which has been granted by Parliament. We are not even accorded that facility. We know this country has been suffering from ad-hocism so far as defence planning is concerned. Although there is some thing called the Defence Planning Committee since 1984 but this Defence Planning is really a compilation of the demands made by individual branches of different services and not an integrated plan which is made by all the services people working together. This plan has to be made not by the service people making their requirements but after an analysis of what is the security environment of the country and what is the totality of the threat perception, and that is to be integrated with the requirements and then the capability has to be planned. This type of institution should include not only service people, bureaucrats but also academicians and scientists. People from outside the government should also be involved in it and they should together analyse our security perspectives. Without that what we are doing is really ad-hocism.⁴⁹

49. Lok Sabha Debates, 7 April, 1986, Col. 361.
Lok Sabha Debates, 24 April, 1985, Col. 279.

Reactive Policy:

We are following a policy that for example, Pakistan buys 40 F-16s, we should buy 40 Mirages or something like that, this is called reactive policy.

This party has the opinion that we can check our growing expenditure on defence by making friendship with our neighbours by diplomacy, by making the people's money more accountable to them. That is why CPI(M) had demanded in 1980 to set up a Parliamentary Select Committee to scrutinize the huge spending of the Defence Ministry.

Lack of Accountability:

According to this party, to put questions or reduce defence expenditure is not unpatriotic. Whatever the government is spending money for defence sector, it should be accountable and answerable to the public.⁵⁰

The stand of all the political parties discussed above on the issue of defence and defence expenditure emphasize on the importance of security both in terms of internal and external factors. For them security from external aggression is as much important as the security from internal problems of poverty, hunger, disease, malnutrition etc. While no party is ^{grudging} ~~granting~~ the allocation of a huge amount for the defence sector

50. Ibid, Col. 284.

they are of the opinion that if the security environment improves in the region then large amount of money can be diverted from defence sector to development.

On the issue of modernisation and acquisition of latest defence technology the Congress-I takes a firm stand in support of it. It also stands for indigenisation of production.

Others particularly the Left parties also want modernisation but not privatisation of strategic sectors. They also stood for self-sufficiency in arms production. On the issue of defending the country, the left parties have clearly propounded that national cohesion is a must to meet any threat. Coupled with this they underscore the point that defence diplomacy and foreign policy must be integrated.

BJP's stand on defence also makes an interesting reading. Probably no other party so openly went to give nuclear teeth to the armed forces as BJP. During 1980s the party has consistently maintained this stand.

About public accountability of defence expenditure BJP like the Left parties has also stood for it very strongly. Particularly in the context of scandals involving defence deals the political parties have become most strident on this issue.

Notwithstanding the efforts of the political parties to highlight the issues involving defence and defence expenditure public opinion has not been mobilized significantly on this problem. Therefore it is suggested that for a meaningful national dialogue on this important subject, political parties should focus more interest on it.

CONCLUSION

Security is India's primary objective. But unlike many other Country India also has a concurrent aim to preserve and strengthen its democratic polity. For the former, India needs powerful defence forces, and for the later it needs social justice and public welfare. But if the forces are strong and the polity weak, democracy can be placed in peril and in successive stages, justice and welfare as well. The ironical result can be a serious threat to security itself. It is very tedious job, how to define our security perspective and according to that how much we should spent on that.

By summing up the whole thing one can say that, there is nothing wrong to be defended. Of course it is a right of each and every nation. The problem arises, when one suffers from maniac, which is very dangerous and costs a havy loss. Our leaders put more emphasis on heavy price for defence, because it is the price for security and therefore liberty. Whatever money they will approve for defence, according to them is justiciable on the plea of security. Any reduction or objection to it is considered as 'unpatriotic'. Even Mr. Rajeev Gandhi in 1987, has strongly opined that any reduction on defence expenditure is an act of Unpotriotism. This type of comments leads to strong debate on defence and development.

Defence expenditures first of all, must not merely be seen in absolute term, but rather in relation to the GNP/GDP of a country and the strategic threat environment related to security. No doubt, such expenditures must be kept to the possible minimum level, so that maximum support to developmental process themselves need an extended and dependable period of peace and security if they are to achieve meaningful results.

Defence expenditure of India in 80s, can be predicted on three structural conditions. The first structural condition driving defence spending is Kashmir problems. It forced India to step up defence spending to about two percent of the GNP. Secondly the problem and threat from China is noteworthy. Thirdly providing welfare to the vast millions of population. Last but not the least there is the nuclear weapons programme. If and when the decision to deploy nuclear weapons will be made the burden of defence spending will jump to eight percent. The hope of reductions in conventional spending consequent on nuclearisation will prove illusory in our case. We have to see our resource constraints. The question arises here what can be done to reduce the rate of growth in defence spending?

Let us first clear two things.

1) Although, defence spending drags national resources, but it is not the only cause that is crippling the Indian economy and pushing our resources for health, education, welfare, safewater, reforestation and the like. Money spent on these fields are spent in a massively inefficient manner, with horrendous corruption and diversion of money. Only a small fraction of it reaches the real needy in the grass root. It is true that buying a Mig-27 Fighter from Hindustan Aeronautic Limited does not produce the same economic benefit as investing that money in power or in health. But this sort of calculation is highly misleading. It assume that the money spent on power and health is invested with some honesty and efficiency. But this is not the case. We have to strictly prohibit whatever wrong, corruption and mismanagement, it may be in civil or in military sector. So that we can get a fruitful result which leads to development.

2) The second thing relates to India as it trying to be a regional power. Of course in South Asia, India is a big country, but it never creates any fear psychosis in the minds of her neighbours by being dominating over other. It is against her fundamental principles as it

beliefs on peaceful co-operation and non-interference. The basic aim of each and every leader is to project a nation as a powerful entity. Powerful and strong nation does not merely mean militarily powerful, it depends on so many facts such as economic development, high moral standard of the individual, literacy, industry, education, elimination of poverty etc.

Both defence and economic issues need equal attention to make India strong before the eyes of the world. So there should not be any confrontation between defence and development. Both are complementary and supplementary to each other.

Unfortunately, we have some defects in our defence planning. Unless corrective measures are taken it will adversely effect our economy and development.

Defence should be considered in a broader aspects. Defence should be planned by taking into consideration our resource constraints, our developmental aspects. But the thing is that in our country defence expenditure is determined by the threat perception (of internal and external) only. This concept should be changed.

There must be close co-operation between defence policy and Foreign Policy. Without that our defence policy

would be a total failure. Defence preparedness if mixed up with diplomacy, will cause a wonderful success and give us the real strength that we need. Foreign Policy reinforces the need for better relations with neighbours, while defence preparedness maintain adequate deterrence to adventurism. In order to reduce our defence expenditure we can intensify our diplomatic efforts for confidence building measures with China and Pakistan and the rest of the world.

In the second place the concept of 'holy cow' syndrom should be abolished. Under the cover of "holy cow" syndrome more resources in the name of defence is invested and no accountability is maintained. There should be more openness on the issues relating to defence. Like other public expenditure, defence is also a public expenditure meant for the public, not for the elite. Man is the ultimate aim, for which the State exists. To protect the unity and integrity of state means to protect the members of the state, both from internal and external aggression. The people should be aware of what the government is doing for their security, in what way they are being protected. They should be much more conscious of these things. By keeping the people in dark we make them feel neglected. In order to implement effectively

each and every thing including measures relating to defence, popular participation is must. The general apathy of people towards defence is due to lack of information only. So the curtain over defence related things should be lifted.

The government should be accountable to the people as far as defence is concerned. The government should take the people and the other members from various opposition parties into confidence. There should be national consensus in defence preparedness and the expenditures involved in it.

Defence expenditure should be evaluated as a long term policy perspective and should not be short term one. Defence may not have its immediate implication, but in long run, it may put both positive or negative effect.

The structural defect also causes high level of defence expenditure. Defence lies outside the purview of Planning Commission, is the only institutions which is in touch with national economy and developmental strategy. It can plan very well in keeping an eye on our limited national resources by taking the help of the Ministry of Finance, Defence and External Affairs. But we lack this structural collaboration in defence

planning which often causes mismanagement and irrelevant decision and ultimately drags more resources which in turn begets less security.

In his Article, "How not to cut defence spending" K. Subrahmanyam has suggested that if military personnel after their services are laterally transferred to the government jobs then the government will save worth Rs. 10,000 crores which otherwise would have been spent as pensions. According to him, when we are thinking of accordingly right to work the status of fundamental rights the claim of youth for military personnel for work can near be ignored.

We have to take adequate safeguards to ensure that our defence deals remain free of corruption and kick-backs that are paid to middlemen.

Indigenous development and production of defence equipment should go a long way in increasing affordability. If we can be able to stand on our own leg, we can get better quality of equipments in a cheaper rate than if we will depend on other countries. Of course indigenous does not mean that totally cut off from others. India is still a developing country which lacks technology. So we can depend upon others for the transfer of technology, but India must try to take a stand on indigenous development as far as possible.

These are the suggestions which may be helpful to rationalize our defence spending without overweening the external/internal threats.

In this connection political parties have a vital role to play in mobilising public opinion. As the agents to articulate and aggregate the interests of the people and as channels on which political communication takes place. Political parties can make the people conscious about defence issues in a constructive way. Hardly few political parties talk about defence matters very consistently in their election manifestoes. Most of them touch it tangentially. Only when scandals involving defence deals come up political parties make it a national issue. No doubt scandals are to be exposed. But what is essential is the enduring public interest in the issues related to defence and development.

Sometimes inside the parliament members from both the side contended themselves with very vague and blanket criticisms which are totally irrelevant. In Parliament the time allotted to defence debate is only for six hours and that too also, members take time by focussing on issues not very relevant. Even during debate on defence issues the presence of members on the floor of the house are few. Why does it happen? Is not it the crucial

period to act effectively on defence, which is a great matter of concern not only from the point of external and internal threats but also from the point of view of economic development.

No political party raised questions or made the above mentioned suggestions for a cost effective defence spending. Probably lack of expert knowledge on defence issues and secrecy attached to them act as impediments to a free discussion on matters of security. An assertive policy on the part of political parties for more openness of defence issues will pave the way for a national dialogue. In this context their role assumes greater significance. Indeed in a democratic set up it is they who matter the most in making people politically sensitive on important issues. And issues relating to defence and development are no less important.

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