
India's Urgent Defence and Security Requirements

Anil Bhat

The Defence Expo 2010, as in earlier years, had Pragati Maidan swarming with participants, proving yet again, how popular a destination India is increasingly becoming for the global arms industry. The response levels of both the Def Expo and Aero India exhibitions have been rising by the year, demanding more and more display space. The fifth edition of Def Expo India, held in February 2008 recorded an impressive 30 per cent overall growth, with matching increase in overseas participation, with 475 participants from 30 countries. It had covered a gross area of 32,000 sq m. There was significant representation from the entire world's leading players in defence equipment and systems, showcasing their latest equipment and systems. High profile official delegations from 47 countries visited the show. A number of international seminars and conferences on the sidelines of the show were also conducted. Def Expo India 2010, the sixth in the series of biennial Land and Naval Defence Systems Exhibition, was held at Pragati Maidan, New Delhi, from February 15 to 18, 2010. Def Expo India is clearly steering the path of steady growth and has been receiving an overwhelming and unprecedented international response with each edition.

But herein the great paradox is that while India has many threats, which means many requirements, with all the response from the world's arms manufacturers and a vibrant Indian industry, its armed forces, considered one of the best in the world, remain 'underarmed and underequipped'. The events and developments of at least the past couple of years should leave no doubt in any decision- maker's mind as to what India's threats are and what it has on the ground to counter them. While it is ironic that it took India's rogue neighbour's pet anti-India resource, the Lashkar-e-Tayyeba's well planned 26/11 attack on Mumbai to shake New Delhi out of its trance induced by '*kursi bachao*' (save the

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chair) politics and 'pass the file' bureaucracy, a year and a quarter later, there has been very little forward movement towards urgent requirements for the country's external and internal security.

The Defence Ministry took only about half a century after independence to open its windows to Indian industry and almost a decade and a half later, marked by an ever-rising response from Indian industry and despite many exhibitions, expos, etc., and repeated assurances about easing and speeding up of defence purchase procedures, India's defence services are seriously underequipped and undermodernised, denying them the vital cutting edge they had till 1971, while Pakistan and China have been stocking up with the latest versions of weapon systems. Former Naval Chief Admiral Sushil Kumar, while interacting with me, said, "Kargil may have happened a decade ago but all indications are that alarm bells may be ringing for our main line security forces who have to cope with a double jeopardy situation, with the Naxal menace inside and the belligerent Chinese knocking on the door." Our military credibility remains suspect even today. We must ask ourselves, how we reached this sordid impasse, when all was hunky-dory after the 1971 victory over Pakistan.

A joint CII-KPMG report titled, "Opportunities in the Indian Defence Sector: An Overview", presented recently is an analysis of the opportunities in the defence and aerospace sector about which the Indian industry is upbeat; it is eager to develop its industrial capabilities in this space, but is looking to the government to continue the process of developing and fine-tuning the procurement regime and industry drivers that will enable the growth of a robust and sustainable defence industry in India. The report has attempted to analyse the evolution of the defence procurement process, defence industrialisation strategy, defence taxation regime, and has suggested some measures.

India's defence spending has grown manifold since the country announced its first defence budget in 1950. While the army accounts for a major part of the budget, the air force has the largest procurement programme. The Indian Army being personnel-heavy, accounts for 50 per cent of the entire defence budget, of which only approximately 25 per cent of the expenditure is incurred under the capital head, the remaining being spent on the maintenance of equipment and personnel. Unlike the army, the air force and the navy spend most of their budgets on capital expenditure. India maintains an extensive defence industrial base with 40 ordnance factories (OFs) and eight defence public sector undertakings (DPSUs) engaged in manufacture of state-of-the-art weapons and systems for the armed forces, aiming to achieve self-sufficiency and indigenisation of

defence manufacturing in the country. In terms of value of production, DPSUs account for more than 65 percent of the total industrial output of all defence public sector entities in India. During 2007-08, the value of production by DPSUs totalled nearly INR 192 billion—an increase of over 20 percent as compared to the previous year.

The private sector in the Indian defence industry is still evolving. Major Indian industrial houses like the Tata Group, Mahindra Group, Kirloskar Brothers and Larsen and Toubro (L & T) have diversified into the defence sector, forming joint ventures with foreign companies on both strategic and product specific bases. In over six decades, the only worthwhile participation of Indian industry in the defence sector is supply of vehicles, equipment, spares, ancillaries, radars, electronic systems, etc and not any weapons or munitions. The closest to these are missile launchers and platforms made by L&T.

The Defence Procurement Procedure (DPP) was created in 2002 to formalise the procurement process. The Fast Track Procedure was promulgated in September 2001 to ensure expeditious procurement for urgent operational requirements foreseen as imminent or for a situation in which a crisis emerges without prior warning. A major new policy of DPP 2006 was the introduction of 'offsets' in defence procurements, a tool to indigenise the defence industry. India is set to undertake one of the largest procurement cycles in the world. The Ministry of Defence has restructured itself in order to improve efficiency. The structures and processes for long-term planning and procurement have also been revised to provide greater transparency. 'Buy' would mean outright purchase of equipment. Based on the source of procurement, this category would be classified as 'buy (Indian)' and 'buy (global)'. 'Indian' would mean Indian vendors only and 'global' would mean foreign as well as Indian vendors. 'Buy Indian' must have a minimum 30 percent indigenous content if the systems are being integrated by an Indian vendor. 'Buy and make (Indian)' means a minimum 50 percent indigenous content on cost basis. Acquisitions covered under the 'make' decision would include high technology complex systems, to be designed, developed and produced indigenously.

During the Technical Seminar on Internal Security, organised by the Confederation of Indian Industry (CII), in February, 2009, Additional Secretary (CS), Ministry of Home Affairs, Anita Choudhary, pointed out "terrorism, left wing extremism and insurgency in the North-East India region as major threats to India's security." She said there was a greater need for development of the domestic manufacturing base for sophisticated security technology and

added that increase in the number of business establishments had increased the need for security. This, in turn, presented a scope for the security business establishments to help in building capacity in the security domain, which includes mobility equipment, communication devices, security equipment, forensic mechanism, etc. Highlighting the opportunities in the security industry, Ajai Chowdhary, chairman, CII National Committee on IT, ITES & E-Commerce and founder HCL, chairman & CEO HCL Infosystems Limited, stated, that India should enhance its technological capabilities by adopting technologies like data warehousing and data mining for better tracking and also pointed out that the Indian administration had beefed-up the budget of developing security and surveillance capabilities to US\$ 10 billion. Shaun Hipgrave of the UK's Forensic Telecommunications, speaking to me, felt that extensive education in the field of telephone forensic measures was a major requirement in India, where prior to 26/11, there was neither much knowledge nor consciousness about such equipment. In fact, shortly before the Mumbai attack, he had met the late former head of the Maharashtra Anti-Terrorist Squad, Hemant Karkare, who was exploring the market for urgent requirements.

Artillery and anti-aircraft guns as also many other crucial deficiencies of the Indian Army have not been made up even 10 years after the Kargil conflict. In many cases, acquisition is scuttled despite the army's approval, given after successful trials. Despite the assurances mentioned, there seems to be no doubt that from somewhere or the other, powerful pressure is being exerted to ensure that India's armed forces do not get effectively reequipped. While the Indian Air Force needs more aircraft, the needs of the Indian Navy and Coast Guard as well as other ministries involved in all-India coastal security which got realised after 26/11 – better late than never – are multifarious and urgent.

New Delhi must ensure that money, which is available now, is spent wisely on fast track acquisitions to bring back the edge for success in conventional war and effectively build up homeland security. While emergent requirements may have to be imported, India must also be clear about which countries it buys from and negotiate adroitly enough to ensure that the terms are reasonable and favourable to it. Meanwhile, optimum use must be made of Indian industry, PSUs and R&D for self-sufficiency for the future.