

## An Analysis of India's Current Defence Strategies



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### **An Analysis of India's Current Defence Strategies**

Recently, two major defence deals entered into by the government have led to heated debates both inside and outside the Parliament. The first is the controversial multibillion dollar Inter Governmental Agreement with France popularly referred to as the Rafale deal for 36 "ready-to-fly" fighters which has been in the eye of the storm due to alleged corruption in the transfer process. What has made this agreement appear dubious is the fact that the UPA negotiated deal for 126 jets which included transfer of technology was previously cancelled by the Modi government on the grounds of excessive expenditure. The renegotiated deal apart from choosing a private firm without any experience in defence manufacturing as the Indian partner also does not benefit from transfer of technology since the jets will be manufactured in France by Dassault, leading many to question the terms of the deal. The other multibillion dollar deal is with Israel for the purchase of Spiked ATGMs, which after initially being cancelled by India in favour of public sector DRDO to promote indigenization of defence products, was re-allotted to Israeli defence firm Rafael after PM Netanyahu's visit to India. Both these deals are stark in their non transparency regarding the acquirement process and involve rescinding agreements from state owned DRDO and HAL which would have promoted the government's flagship Make in India scheme.

While these two deals account for a major chunk of India's defence budget for procurement and modernisation, what is seen as the driving force behind these deals seems to be the strategic partnerships rather than addressing the country's military requirements. The government's reluctance to reveal details of the deals in the parliament or public domain and classifying it as sensitive information on grounds of national security also raises questions about the terms and conditions of these agreements and its impact on India's hard power capabilities. An analysis of India's defence policy and its recent deals reveals that the objective is to form bilateral ties and partnerships and to create strategic inroads into its extended neighbourhood rather than strengthening its indigenous defence production system and deterrence abilities. While the rhetoric of hard power diplomacy has culminated in India being more visible in the global stage, it has done little to protect its domestic security interests.

#### **Loopholes in the current defence strategy**

In real terms, defence expenditures have been falling. The defence budget this year was increased by a mere 7.81% to Rs2.95 trillion against last year's Rs2.74 trillion, belying expectations of a significant hike when the armed forces are facing growing challenge on the borders with both Pakistan and China. Out of total allocation of Rs 295,511 crore for defence budget, only Rs 99,947 crore has been set aside for capital outlay to purchase of new weapons, aircraft, warships and other military hardware. The allocation has been estimated at around 1.58% of the GDP and 12.10% of the total budget for 2018-19. The two pronged focus of the government as has been highlighted repeatedly- modernization and indigenization- was not reflected in the budget or the procurements. While modernization has been termed as an 'ongoing process' by the Defence Minister and no concrete step has been taken towards it despite increasingly assertive and hostile neighbors along the two borders, the deals mentioned above provides enough proof that indigenization is also not a priority for the government. Instead the emphasis has been on expansion of diplomacy and developing ties across the region through military cooperation. But as military experts point out, there are limitations to this venture and there has been no substantial gain to India through this defence policy so far as its core concerns and issues of national security remain unaddressed.

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The main focus of the much anticipated visit by Israeli Prime Minister Mr. Netanyahu was on defence cooperation, joint development of defence products and transfer of technology. Military-technical cooperation with Israel has indirectly been framed as enabling India's quest for self-sufficiency, and hence it has been largely perceived positively as an instrument of preserving India's strategic autonomy. What has not been highlighted here is that these deals contribute little towards India's self reliance unless there is a clause for transfer of technology and indigenous defence production, which has been conspicuously missing from the current deals. The original deal for transfer of ATGMs was cancelled by the Indian government because of Israeli reluctance to share the technology with DRDO. Surprisingly, the new agreement finalized during Mr. Netanyahu's visit had no clause for transfer of technology either. Thus the promotion of indigenous defence production and the Make in India scheme received no impetus from the billion dollar deal. The only plausible reason for entering into this deal seems to be to create a strong Indo-Israeli military alliance to deter or counter any threat arising from India's hostile neighbors mainly Pakistan and China. But such bilateral ties, especially with Israel which has a very different a world view on the region and globally, are constricted by several other underlying factors and must be viewed and balanced out in light of the bigger picture of politics in the region.

Take the case of Israel's view on Pakistani terrorist activities and the fact that it has tried to balance its relations with Pakistan in the recent years. Similarly, China is a far bigger investor and trading partner of Israel than India and the Israel-China comprehensive innovation partnership clearly dwarves India's economic partnership with Israel. Moreover, Israel is keen on China's flagship BRI initiative which India is wary of and has refused to be a part of. These conflicting interests might be the reason India cannot expect the Israeli strategic alliance to be a success beyond the purely economic front and should strive to acquire technological 'know how' rather than depend on it completely for supply of weapons.

India's recent defence ventures with France which include the controversial Rafale deal have expanded on an initiative to build ties with France which includes naval collaboration between the countries in the Indian Ocean. It is also a part of the broader plan to expand bilateral defense ties to military-to-military relations, counter-terror cooperation and their ability to develop arms systems jointly under the "Make in India" initiative. However, without any terms on the transfer of technology or indigenization of products, India remains dependant on its ally for procurement and support. The current deal with France, apart from being a strategic alliance on paper, does little to boost the defence sector. The IAF today is struggling with 39.5 squadrons, as against 45 squadrons sanctioned and many of its MIG 21s have become completely unserviceable and prone to accidents. The current Rafale deal for 36 jets is not sufficient to significantly address the needs and though it is much hyped, it does not add any substantial value addition. Besides, indigenization which would have lead to significant cost reduction was excluded from the final agreement. India's self reliance index in the defence sector is only 30% and a mega deal like this would have provided the unique opportunity to tap "key technology" and scale up our self reliance quotient. By opting for a direct contract and nullifying the technology transfer route, the Rafale deal has compromised India's commitment towards Make-in-India for years to come.

### **Balancing competing interests**

The core agenda behind any defence deal must be to secure a nation's interests and prepare it for imminent or long term threats from hostile countries. This can be done through military reforms, defence acquisitions,

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procurement of upgraded weaponry or through strategic alliances. India's current policies rely heavily on building strategic alliances to counter threats from neighbors. From breaking long standing traditions by reaching out to Israel and forging a closer alliance with France, India has sought to pursue a multi-dimensional engagement with its extended neighbourhood and on the global stage through defence cooperation. However the focal point of its defence policy matrix must underscore the salience of upgrading its military while maintaining the status quo in its neighbourhood for protecting its core national interests. India's overall war preparedness has only deteriorated despite all the media projections to the contrary. Analysts have mentioned how, despite the government's rhetoric, the armed forces have barely seen any improvement under the current dispensation. This heightens India's vulnerability, given that the government and the ruling party freely speak the language of war without having the military readiness to back it up.

Even though the government claims to be building alliances and partnerships in its extended neighbourhood through defence cooperation, India's inability to manage its own periphery in South Asia speaks volumes about the ineffectiveness of its current strategies. With the exception of Bangladesh with whom India maintains a precarious status quo, most of the other neighbourhood allies especially Nepal and Bhutan have shown clear and increasing inclination towards China. Hostilities along both the borders have also increased and India does not appear better prepared to counter them. While building alliances and expanding India's reach globally is definitely an area that requires attention, military preparedness should not be compromised in the process. In this, the government has failed to strike the balance between advancing and opening diplomatic channels and enhancing its hard power capacities.

### Conclusion

While any large scale defence investment will have ramifications on the bilateral and multi-lateral ties, the primary concern that should be addressed is whether it contributes to India's military requirements and drive for self dependency. Transfer of technology and autonomy in defence production are crucial to achieving this. Unfortunately both the recent billion dollar deals have not been able to ensure either. Neither have they comprehensively uplifted the standard of the military nor is it too early to judge how the new defence alliances will work in India's favour in the long run. The current efforts at reaching out to more unconventional countries through defence cooperation are at its nascent stage and are mostly a transactional relationship. For these partnerships to contribute towards the strengthening of military capabilities, it must strive to elevate these ties from an economic platform to a more visible political and strategic partnership. After shifting from India's long standing foreign policy focus in the Middle East by visiting Israel first and following it up with a visit to Palestine earlier this month, it remains to be seen how Prime Minister Modi successfully manages to create new allies and secures India's interests. Until now, the buyer-seller relationship with Israel and the Gulf has benefited from being insulated from developments in India's domestic politics as well as from its open and parallel political support to Palestinian authorities. But for a more concrete defence alliance, India will have to clarify its stand on several crucial issues including Palestinian independence, support for the Saudi regime, relations with Iran as well the GCC countries.

The ambiguity of Indian defence policy and its increasing use of hard power diplomacy, along with its structural limitations, continue to produce a paradoxical situation: expanding economic and defense ties but without political-strategic depth. This is a situation that does not auger well for India, whose future growth and security is largely dependent on how well it can contain and deter threats from its hostile neighbors.

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## Headlines

### **Job Creation in Organised Sector Dipped by 65% in April-June 2017**

(Somesh Jha, *The Wire*, February 19, 2018)

While Finance minister Arun Jaitley, quoting an independent study, had said in the Budget speech earlier this month that various measures had been taken by the government that led to seven million jobs being created in 2017-18, the Labour Bureau's recent quarterly report on employment, highlights that the pace of job creation in the organised sector fell sharply during April-June 2017 to a three-quarter low due to significant job losses in manufacturing. The number of new jobs created declined by around 65% to 64,000 in April-June 2017 from 185,000 in January-March 2017. Job creation during April-June was even lower than the 77,000 reported in the same three months a year ago. Workers hired through contractors and those who were daily wage earners too declined in April-June even as job creation continued its momentum among regular workers.

Read More: <https://thewire.in/225446/job-creation-organised-sector-dipped-65-april-june-2017/>

Date Accessed: 20 February, 2018

## Economy

### **About 5 crore jobs to be created by next year: MSME Minister Giriraj Singh**

(PTI, *The Economic Times*, February 17, 2018)

Recently speaking at the National SC-ST Hub State conclave in Nagpur, Union Minister of State for Micro, Small and Medium Enterprises Giriraj Singh said that five crore employment opportunities would be created in the country by next year, stressing that employment creation was not being perceived because of the country's large population. Adding that jobs did not necessarily mean government jobs, the MSME Minister said that the Mudra (Micro Units Development and Refinance Agency) loan scheme has boosted self-employment and criticised people "mocking" the Prime Minister's initiatives. The Minister's statement comes in the backdrop of several official figures and international reports claiming that job creation has been dismal in the last four years.

Read more: <https://economictimes.indiatimes.com/jobs/about-5-crore-jobs-to-be-created-by-next-year-msme-minister-giriraj-singh/articleshow/62961223.cms>  
Date Accessed: 19.02.2018

### **India needs to create more salaried jobs: World Bank**

(Asit Ranjan Mishra, *Livemint*, February 14, 2018)

The World Bank said in a draft Systematic Country Diagnostic (SCD) that in a society like India's characterized with wide inequalities, the most urgent priority is to create productive regular jobs (that are regular and salaried jobs) with growing earnings rather than self-employed ones in order to join the ranks of the global middle class by 2047. "The issue is not just the number of jobs but also the type of jobs. A transition into the middle class calls for the creation of salaried jobs, which is a rare privilege in India today where less than a fifth of workers are in salaried employment," the World Bank said in a first-of-its-kind draft report published on its website, seeking comments from stakeholders.

Read More: <http://www.livemint.com/Politics/8z4W8cGyFp4JTHBiLwqEWN/India-needs-to-create-more-salaried-jobs-World-Bank.html>  
Date Accessed: 20 February, 2018

### **7 mn jobs in FY18? An 'independent study' with government's hand-holding**

(Somesh Jha, *Business Standard*, February 18, 2018)

The study that claimed 7 million people would be added to the payroll in 2017-18, quoted by the Government to claim success in job creation, was carried out at the direction of the Prime Minister's Office (PMO) which had reportedly asked the NITI Aayog to give "quick indicators for direct or indirect reflections on employment data" so as to arrive at "desired trends in employment at the earliest." The article notes that this was perhaps the first time that the EPFO data of employees was made available to non-government researchers, a fact that even the EPFO was not fully aware about. The authors took more than a month to work on the EPFO subscriber data, made a presentation to the PMO, post which the paper was published as an "academic study" conducted by IIM Bangalore and SBI.

Read More: [http://www.business-standard.com/article/economy-policy/7-mn-jobs-created-in-2017-18-niti-helped-ghosh-ghosh-access-epfo-data-118021501546\\_1.html](http://www.business-standard.com/article/economy-policy/7-mn-jobs-created-in-2017-18-niti-helped-ghosh-ghosh-access-epfo-data-118021501546_1.html)  
Date Accessed: 19.02.2018



## Governance and Development

### *POLITICS AND GOVERNANCE*

#### **Did India really need to demonetise? No, said a BJP government-commissioned report** (Shoaib Danyal, *Scroll*, February 18, 2018)

The National Institute of Public Finance and Policy, an independent research institute in a report released in June 2017 had analyzed a small Pune think-tank Arthakranti's proposal of demonetising large denomination notes. As per the analysis, the NIPFP report had argued that the ground conditions to require demonetization simply did not exist. The institute report listed out two questions to be asked before which demonetization should even have been considered: "One is there too much cash in India and second, is the value of the highest denomination note too high?" However, the Modi government clearly did not wait for the NIPFP to complete its study and announced demonetisation in November 2016. Fifteen months after the decision is implemented, the Reserve Bank of India is yet to even count the demonetised notes returned to the banking system.

Read More:

[https://scroll.in/article/869079/did-india-need-to-demonetise-at-all-no-said-a-bjp-government-commissioned-report?utm\\_content=buffer5f5e&utm\\_medium=social&utm\\_source=twitter.com&utm\\_campaign=buffer](https://scroll.in/article/869079/did-india-need-to-demonetise-at-all-no-said-a-bjp-government-commissioned-report?utm_content=buffer5f5e&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer)

Date Accessed: 20 February, 2018

### *HEALTH*

#### **Over 6 lakh newborns die within 28 days of birth every year, UNICEF study reveals** (*India Today*, February 20, 2018)

A new UNICEF study revealed that at least 6,00,000 newborns die within 28 days of their birth in India every year. "The average annual rate of reduction in neonatal mortality required for India to reach the target is almost double the current level", read the report. India presently ranks 31 when it comes to neonatal mortality rate. A year earlier, India was the 28th worst country among 184 nations in terms of neonatal mortality. The report added that India is the only big country in the world to have a higher mortality for girls as compared to boys and girls are biologically stronger but socially vulnerable in India.

Read More: <https://www.indiatoday.in/india/story/over-6-lakhs-newborns-die-within-28-days-of-birth-every-year-unicef-study-reveals-1173455-2018-02-20>

Date Accessed: 20 February, 2018

## Society

### GENDER

#### Lakshadweep, Meghalaya Have Most Women Land Holders; Punjab, West Bengal Fewest

(Angel Mohan & Bhasker Tripathi, *Indiaspend*, February 19, 2018)

According to an index prepared by the Bhubaneswar-based Center for Land Governance, Lakshadweep and Meghalaya are the best among all 35 states and union territories of India at providing land rights to women, while Punjab and West Bengal are the worst. In the southern states, an average of 15.4% of women hold land, and in the north-eastern states, 14.1% hold land. The figures for northern and eastern states are 9.8% and 9.2% respectively. The index has been prepared using data on women's operational holdings from the agriculture census of 2011, the share of adult women owning agricultural land from the Indian Human Development Survey of 2011-12, the share of women-headed households owning land from the Socio Economic Caste Census of 2011, and the share of women owning house and/or land (alone or jointly) from the National Family Health Survey of 2015-16.

Read more: <http://www.indiaspend.com/special-reports/lakshadweep-meghalaya-have-most-women-land-holders-punjab-west-bengal-fewest-54024>

Date Accessed: 20.02.2018

#### Centre to reintroduce transgender Bill with suggested changes

(Smriti Kak Ramachandran, *Hindustan Times*, February 19, 2018)

Officials indicated that the Government may reintroduce the Transgender Persons (Protection of Rights) Bill, 2016 in the budget session of Parliament, which resumes on March 5. The Bill has reportedly incorporated changes suggested by a parliamentary committee, including dropping the phrase "neither wholly male or female" from the definition of transgender and removing the need for medical screening committees at the district level. The standing committee had dubbed the Bill's original definition of a transgender as "primitive" and had stressed the need to address civil rights issues such as marriage and adoption, the need to define discrimination against the trans-community and make all forms of violence against them commensurate with punishments under existing laws, and reservation in jobs and educational institutions.

Read more: <https://www.hindustantimes.com/india-news/centre-to-reintroduce-transgender-bill-with-changes-suggested-by-panels-and-rights-groups/story-V3waQoU4kEdeJl6iJHnydL.html>

Date Accessed: 20.02.2018

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