

Moving on with the Defence & Security of India

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In this age of catchy sound-bites, sensational reporting and media trials, public perception of reality is equally, if not more, important than the reality itself. Managing public perception through truthful representation is, therefore, as important as governance.

As reported in a section of the media¹, secretaries to the government of India have been asked to furnish their action plans for the next five years. It is a step in the right direction, though it might be a tall order to furnish an action plan for the next five years without the new government revealing its vision and priorities.

Be that as it may, the Ministry of Defence (MoD) which accounts for 13-14 per cent of the central government expenditure, if one also takes into account the expenditure on defence pensions, could come under some pressure to prepare an action plan as the outcome of what it does is often intangible, undisclosable, or simply unmeasurable. This is a challenge but it must be met with a view to not simply moving on but also being perceived to be moving on.

Here are a few suggestions for evolving an action plan. First, there are things that need to be done immediately:

- At the first available opportunity, possibly the joint session of the parliament, the new government should make known its intention of coming out with a white paper on defence by the end of the year, setting out its vision and strategy for defence and security of India. It will be a paradigm shift from the past and demonstrate government's earnestness to strengthen the country militarily.
 - The paper would have to be improved upon in the next one to two years.
- The outgoing government had conceded the long-standing demand for one-rank-one-pension (OROP) but the government orders have not been issued so far.

¹ 'Modi gets going, babus asked to list what went wrong', *the Hindustan Times*, May 20, 2014

There is no going back on it now. Not only should the orders be issued by the time the monsoon session of the parliament starts, it will also have to be made sure that there are no glitches in implementing the orders. This will bring cheers to around two million pensioners.

- The OROP decision will lead to similar demand being raised by the civilian pensioners. The matter should, therefore, be referred to the seventh Central Pay Commission which has already been set up. This will pre-empt any unrest among the sizeable community of civilian pensioners.
- To quell the unrest among the services following the sixth Central Pay Commission, government had announced that in future a separate pay commission will be constituted for the armed forces personnel and pensioners. This has not happened, probably because the services themselves had a second thought about it. This is being seen by some as going back on a promise the government had made. The position must be clarified by the government at the earliest to quell any dissatisfaction that might be brewing.
 - Services have always felt short-changed by the successive pay commissions. Appointing a service officer as an additional member of the seventh central Pay Commission immediately will not only change this perception but could, actually, do a lot of good as it will assuage the feelings of over three million serving and retired service personnel and their families.
- Those entrusted with responsibility must also be provided the wherewithal to discharge those responsibilities. Financial powers for revenue procurement, which have a bearing on the day-to-day requirements, are an important enabling tool for the services down to the lowest echelons. It is unreasonable to expect the services to continue functioning efficiently with the powers delegated in 2006. A template for enhancement of those powers is already available in the form of a report that was approved by the outgoing *Raksha Mantri* in December 2010. It could be implemented straightaway, as it has the consent of the services, with further revision being carried out in the next one year after due consultation and deliberations.
 - One of the contentious issues is enhancement of powers exercisable without concurrence of the integrated financial advisors. Rule 145 of the General Financial Rules, 2005 – the mother of all financial rules - provides for purchase of goods up to the value of Rs 15,000 without obtaining quotations. Taking a cue from this, financial powers up to this limit could

be delegated to the services without their having to obtain prior financial concurrence. This is a petty issue; MoD should not allow it to come in the way of immediate enhancement of financial powers.

- Last few years have witnessed considerable slowing down of acquisition programmes. These have a bearing on modernization of the armed forces.
 - A number of cases are at the contract negotiation committee (CNC) stage. Additional committees could be constituted to take all the cases simultaneously and complete the negotiations within the next three to six months. Special attention needs to be paid to cases like the MMRCAs programme which have dented MoD's image.
 - The target should be to bring all the cases that are beyond the delegated powers before the Cabinet Committee on Security (CCS) for approval by the end of the year. This will require cooperation of the Ministry of Finance (MoF), which will have to be ensured by the government.
 - The Defence Acquisition Council (DAC) or any other sub-committee constituted by it should provide guidance to the CNC wherever it gets stuck in the course of the negotiations.

The steps mentioned above could show immediate results and make a positive impact on the public perception, apart from doing some real good to the defence establishment. However, this cannot be the end of the endeavour. Some more steps would need to be taken in the medium to long term, stretching up to next year's budget session, to make a lasting impact. Here are a few suggestions:

- A large proportion of the defence budget is spent in accordance with the procedure set out in the Defence Procurement Procedure (DPP) and the Defence Procurement Manual (DPM). Both these are under review. The task must be entrusted to full-time task forces which could undertake it on a continuous basis. It is important that the final recommendations are made in consultation with, and not just on the basis of inputs from, all the stakeholders. This will help in casting away the perennial criticism faced by MoD that its procedures are complex, cumbersome and archaic.
- The Defence Production Policy of January 2011 and the Offset Policy of August 2012 did little to achieve the objective of indigenization of defence production. Something needs to be done fast to get the process off the ground. A holistic review is called for. MoD needs to farm out a project to the Institute for Defence

Studies and Analyses (IDSA) to come up with a roadmap in consultation with the stakeholders. MoD should be involved in the deliberations at all stages so that the roadmap suggested after the deliberations is not put in the bureaucratic orbit in the MoD for 'examination'.

- Budgeting for defence needs a paradigm shift. MOD should consider bringing about a fundamental change in the process of budget formulation, starting with the budget for 2015-16 by making the higher echelons in the MoD and the SHQs collectively responsible for formulating an outcome oriented budget within the resources likely to be available. This requires full involvement of the MoD in setting the priorities. This arrangement needs to be refined and formalized.
- In the long term, say over the next one year or so, MOD should aim at finding solutions to seemingly intractable problems related to national security framework, higher defence management, civil-military relations, defence planning, eco-system required for encouraging the domestic defence industry, etc. The roadmap for dealing with issues should be such that it starts showing results by the end of the term of the 16th Lok Sabha.

The key to succeeding in the effort to make functioning of defence more result oriented lies in evolving roadmaps with full participation of the stakeholders, removing the hurdles in achieving the objectives as and when they arise and monitoring the progress in terms of outcomes. It would be counterproductive to waste precious time in highlighting what went wrong in the past few years. That is a no brainer.

Views expressed are of the author and do not necessarily reflect the views of the IDSA or of the Government of India.