

Cost of security

India figures in the global league of big defence spenders, but much of its defence budget increase is accounted for by rising revenue expenditure.

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A COMPARATIVE analysis of India's defence budget over the past few years shows that growing revenue expenditure accounts for a lion's share of the increase in allocation.

Data from the Institute for Defence Studies and Analyses (IDSA) showed that although the budget rose from Rs.2.29 lakh crore in 2014-15 to about Rs.2.49 lakh crore in 2016-17, the rate of growth has actually fallen as has its share as a percentage of the gross domestic product. However, what has risen significantly is the armed forces' revenue expenditure, from about Rs.1.34 lakh crore to about Rs.1.63 lakh crore, and its share of the

defence budget has also gone up from 58.7 per cent to 65.3 per cent.

Capital expenditure, on the other hand, actually fell from Rs.94,588 crore in 2015-16 to Rs.86,340 crore in 2016-17. Its share of the defence budget also fell from 41.3 per cent in 2014-15 to 34.7 per cent in 2016-17.

Data from the Ministry of Defence indicated that the share of pay and allowances in the budget has been creeping up in

DISTRIBUTION OF DEFENCE EXPENDITURE (%)

Year	Pay & Allowances	Modernisation and Stores	Others
2012-13	38	46	16
2013-14	37	46	17
2014-15	39	44	17
2015-16 (RE)	40	42	18
2016-17 (BE)	42	40	18

TOP DEFENCE PSUS AND THEIR PROFITS (Rs.crore)

PSU	2012-13	2013-14	2014-15
HAL	2,997	2,693	2,388
BEL	890	932	1,167
BDL	288	346	419
MDL	413	398	492
All*	4,684	4,471	4,493

*Includes figures for GRSE, GSL, HSL, MIDHANI and BEML

Source: Ministry of Defence

TOP DEFENCE PSUS IN PRODUCTION (Rs.crore)

PSU	2012-13	2013-14	2014-15
HAL	14,202	15,867	16,289
OFB	11,975	11,123	11,364
BEL	6,290	6,127	6,659
MDL	2,291	2,865	3,593
BEML	2,879	2,814	2,599
BDL	1,177	1,804	2,770
All*	41,871	43,745	46,429

*Includes figures for HSL, GSL, GRSE and MIDHANI

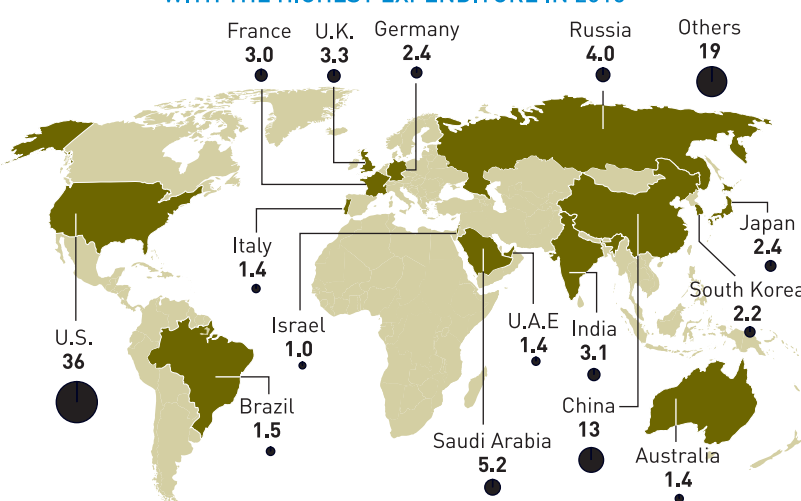
Source: Ministry of Defence

recent years, from 38 per cent in 2012-13 to 42 per cent in the budgeted estimate for 2016-17. As a result, the allocation for modernisation has fallen from 46 per cent to 40 per cent.

Statistics from the Ministry also showed that the Army accounted for 56.08 per cent of the annual budget in 2016-17, with the Air Force getting 21.46 per cent and the Navy 15.83 per cent. Research and development was allocated only 5.46 per cent of the total budget.

The Army's expenditure rose from about Rs.91,450 crore in 2012-13 to a budgeted estimate of about

THE SHARE OF WORLD MILITARY EXPENDITURE OF THE 15 STATES WITH THE HIGHEST EXPENDITURE IN 2015



COMPARATIVE STATISTICS OF DEFENCE BUDGETS

	2014-15	2015-16	2016-17
Defence budget (Rs.crore)	2,29,000.0	2,46,727.0	2,49,099.0
Growth (%)	12.4	7.74	0.96
Share in GDP (%)	1.81	1.82	1.65
Share in total Central expenditure (%)	12.8	13.9	12.6
Revenue expenditure (Rs.crore)	1,34,412.05	1,52,139.0	1,62,759.0
Growth (%)	14.9	13.2	6.98
Share in defence budget (%)	58.7	61.7	65.3
Capital expenditure (Rs.crore)	94,587.95	94,588.0	86,340.0
Growth (%)	9.0	0.0	-8.7
Share in defence budget (%)	41.3	38.3	34.7

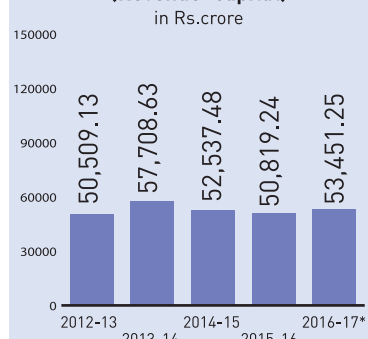
Source: Institute for Defence Studies and Analyses (IDSA)

Rs.1,39,700 crore, an increase of about 52 per cent. In contrast, the figures for the Navy and the Air Force have recorded only nominal growth.

According to data from the Stockholm International Peace Research Institute (SIPRI), an independent resource on global security, India

ranked among the top five defence spenders in the world in 2015, accounting for 3.1 per cent of the total amount spent worldwide. The United States was number one, accounting for 36 per cent, followed by China (13 per cent), Russia (4 per cent) and the United Kingdom (3.3 per cent).

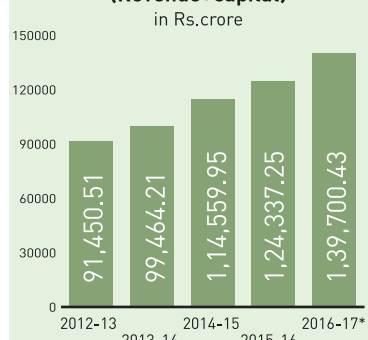
AIR FORCE EXPENDITURE (Revenue+Capital) in Rs.crore



*Budgeted estimate

Source: Ministry of Defence

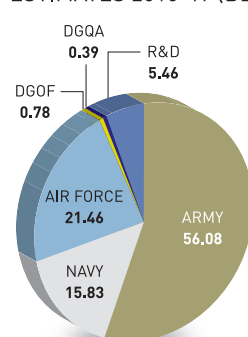
ARMY EXPENDITURE (Revenue+Capital) in Rs.crore



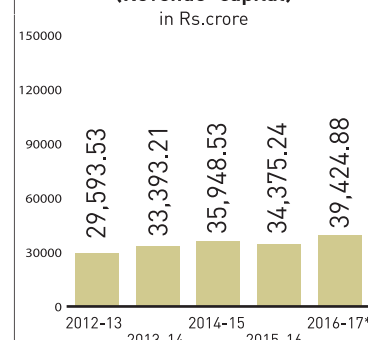
*Budgeted estimate

Source: Ministry of Defence

SERVICE /DEPARTMENT-WISE ALLOCATION AS PERCENTAGE TO TOTAL DEFENCE ESTIMATES 2016-17 (BE)



NAVY EXPENDITURE (Revenue+Capital) in Rs.crore



*Budgeted estimate

Source: Ministry of Defence