Enhancing Combat Capabilities 2035 with Affordable Defence Spending

Rajan Katoch

Abstract

It is feasible to significantly enhance combat capabilities by 2035, within the resources realistically available. However, aiming to enhance combat capabilities by 2035 cannot be done by merely presenting wish lists and hoping that funds will be somehow available. It can only be achieved if we plan ahead realising that defence spending has to be affordable for the nation. Other major countries are restructuring their armed forces with this realisation, and there is no reason why we cannot do so too. There are opportunities that can be seized and realised within the budgets available, provided we are ready to think differently. From historical service-specific and turf-conscious thinking, we need to move on to adopt a whole-of-nation approach in support of our national security goals. We need to learn the lessons of recent experience, and look at optimal trade-offs accordingly.

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Introduction

We do need to enhance the combat capabilities of India's armed forces. This seems self-evident. What does it have to do with the affordability of defence spending? Surely enhancing combat capabilities depends on the essentiality of national security, threat perceptions, strategic and operational requirements, for which money just has to be found. After all, the issue of enhancing capabilities is a purely professional concern. The political leadership thinks so too. It is generally content to treat defence matters as a holy cow. Defence budgets attract limited scrutiny, not just in India but also in more developed countries. The general feeling is that the bigger the budget the better. In India very often we find the defence budget being passed without debate in Parliament.

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In practice, there is a problem. The problem is that the budget represents a hard constraint on our ambitions. We need to recognise this hard constraint. The trend for the last ten years has been that the budget for defence has remained in the range of 9-12 per cent of the total budget.[1] There hasn't been any dramatic change in this ratio, and is not likely to be in the future. That is the reality. There are always competing developmental requirements and a balance has to be struck somewhere. The trade-off between defence and development has been pithily expressed as the "guns vs. butter" conundrum. Will the share of guns grow at the expense of butter? It is not going to happen. It bears appreciation that this is not in the interest of national security either.

We need to remember that in the long run, it is only rapid economic growth fuelled by developmental expenditures and investment that will

expand the overall national pie (Gross Domestic Product or GDP) and enable the funds available for defence to grow rapidly in real terms. The case of China is a good example. Official figures for spending on defence were almost the same for India and China in the 1980s. Decades of higher rates of economic growth since have multiplied China's capabilities for spending on defence enormously. It is officially now about three and a half times that of India.[2]

Within the available defence budget, it is noteworthy that more than 70 per cent is being absorbed by the revenue component. This component is essentially manpower costs, and in turn, one-third share of this goes to pension payments. Typically, less than 30 per cent is left for capital expenditures, which finances equipment.[3] This gives very limited room for manoeuvre. Of course, both manpower and capital are equally important for enhancing combat capabilities, but it is arguable that the current "teeth-to-tail" ratio could be improved.

So, can we do anything to enhance combat capabilities with these limited resources and rigid expenditure structures? Yes, we can! Only, we need to think differently, very differently.

Debates on defence policy usually focus on the number of aircraft, warships, tanks, personnel, etc. These are not the objectives or outputs. They are the inputs towards realising the objective. The key question is what is the contribution of each of these inputs of equipment and manpower to the desired output of enhancing combat capability for the future? And what would be the impact of changes in these inputs on the desired output? What are the opportunity costs? What are the trade-offs?[4] This article looks at these questions in three broad categories of manpower, capital and geography.

Manpower

The issue here is whether the present structure of defence spending is sustainable. A large and growing share of manpower costs limits the

room for future capital acquisitions. Ballooning pension payments squeezes the ability to maintain operational manpower. The proportion of both manpower costs in general, and pension payments in particular, need to be reduced without affecting combat readiness or disadvantaging existing personnel. If they can be reduced, it would free up resources to meet operational needs and to enhance future capabilities. Are there any ways to control manpower costs, and the growing share of pension payments, without affecting operational readiness?

Veterans would recall that not very long ago, the established practice was for jawans to be recruited for a colour service of seven years. Tomorrow, if upon review, the four-year period is felt to be too short, the option of extending the tenure or even reverting to the seven-year service is always there.

There are ways, if we are ready to look at national security as a whole, rising above turf battles. Consider just three policy tweaks that can make a huge difference. These are, strengthening and consolidating the *Agniveer* initiative, enabling a system of lateral movement of personnel to paramilitary forces, and outsourcing of logistic and support functions. These are elaborated below.

With the *Agniveer* system having been implemented, personnel below officer rank are now recruited for a four-year tour of duty. This is extendable for one-fourth of the personnel following the completion of the four years. Most major countries today have similar systems in place. It is an important step towards building a youthful profile of operational personnel, and stemming the unsustainable growth of pensions.

Agniveer might not turn out to be a very revolutionary idea. Veterans would recall that not very long ago, the established practice was for jawans to be recruited for a colour service of seven years. Tomorrow, if upon review, the four-year period is felt to be too short, the option of

extending the tenure or even reverting to the seven-year service is always there. Over a period of time, this will result in the share of pensions in defence expenditure falling, creating space for alternative uses of funds.

This brings us to the second policy change that is required, that of mandating lateral movement of services personnel to paramilitary forces. The idea is not new. Rather, it has been strongly recommended by expert bodies right from the Kargil Review Committee to the Seventh Pay Commission.[5] Strangely, this is the one recommendation of these august bodies that is somehow always one of the very few not taken up for implementation by the government of the day.

The case for doing so is a no-brainer. Many paramilitary forces like the Border Security Force (BSF), Indo-Tibetan Border Police (ITBP), Special Services Bureau (SSB), Coast Guard, Assam Rifles perform similar border security functions and work closely with army and navy formations. All of them including others like the Central Reserve Police Force (CRPF) would benefit from an infusion of competitively selected highly trained officers and personnel who would be theirs till their (much higher) retirement age. The share of defence pensions would decline over time, improving the teeth-to-tail ratio. The armed forces would become more attractive, and be able to recruit the best from society. Systemically, combat capabilities would be enhanced, while reducing the overall share of salary and pension expenditure.

The ballpark numbers match up. For example, the Army has a sanctioned strength of about 13 lakh personnel, and the intake is about 50,000 a year.[6] With the Agniveer scheme in force, perhaps 35-40,000 may be released every year after completing their service period. Against this, the central paramilitary/armed police forces already number about 10 lakh,[7] and are expanding rapidly. Their requirement for fresh annual induction will in all likelihood exceed the numbers available from the services personnel.

So why hasn't it happened yet? There has been fierce resistance from the Ministry of Home Affairs (MHA) to any such implied encroachment on its turf. At the decision-making level, the MHA view has tended to prevail over the various recommendations. There is speculation that underlying the political support for the MHA stand is the unstated thinking in top political and bureaucratic circles that the paramilitary forces need to be kept in a separate space from the military. This thinking needs to move on.

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As a reform, this is a low-hanging fruit. It can be done. Yes, there are a number of actions required to get there. It will require an enabling statutory framework to be put in place. It will take time to work out and get everyone on board. But the most important is to take a decision that will necessarily be a break from the past. We need to set aside past practices and prejudices, and focus firmly on how to achieve the optimal deployment of national manpower assets for enhancing our overall national security capability for 2035 and beyond.

The third major manpower initiative has to be to outsource to the extent possible logistic, support and housekeeping functions. For example, the tasks of maintenance of properties, workshops, supply of food and personnel equipment could easily be outsourced. The Indian private sector is very much capable of delivering the goods and services required. Operational efficiencies are likely to improve, and the overall costs reduced. This would be mainly because the costs of retaining the associated permanent manpower to perform these services will go down.

The rationale for retaining of a large permanent, pensionable civilian manpower borne on the defence budget also needs review. Functions like maintenance of defence estates, manning of headquarters with administrative personnel, and even routine accounting functions can be performed equally efficiently by professional contractual personnel without necessarily deploying large pensionable civil service cadres for the purpose. This too would help reduce the manpower costs significantly without affecting operational imperatives.

Security concerns may be cited by vested interests against outsourcing and contractual arrangements. However, such contractual systems are already the existing practice in the armed forces of major Western countries. In some countries, for example in Russia, even the fighting forces are partially outsourced![8] The question really has to be not why it should be done but why not?

Capital

As we have seen, the share of the capital component in the defence budget is relatively low. The services would always like to have more money to fund badly needed equipment and capital acquisitions. Maybe if there are changes in defence manpower policies as suggested, the share of the pie available for capital expenditures will grow. Even if it does not, we can still enhance combat capabilities in an affordable manner by looking closely at trade-offs and opportunity costs.

Most public debate on defence matters centres around high-end big-ticket acquisitions, such as the Rafael fourth-generation fighter jet, a third aircraft carrier, and the main battle tank. These acquisitions acquire glamour, visibility and sometimes become an end in themselves. They also tend to become a prestige issue for the Service concerned. It becomes difficult to take a step back and honestly assess all the options on the table and see whether we are getting the required "bang for the buck!"

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Should we, for example, seriously consider a third aircraft carrier that on present estimates may cost the equivalent of the Ministry of Defence's entire capital budget for 2023-24?[9] Something that can be sunk by an anti-ship ballistic missile (ASBM) costing a few crores in an actual war? As China has shown in its South China Sea strategy, the mere threat that this could happen is enough to deter even highly advanced American aircraft carriers. Or would it be better to aim to achieve the desired objectives by beefing up naval capabilities through smaller missile-based ships, submarines, unmanned aerial and underwater vehicles (UAVs and UUVs), etc.?

Should we spend money on expensive[10] top-end fourth-generation fighter jets like Rafale with long delivery timetables, at a time when we don't really know how long the conventional paradigm of air superiority will hold in a rapidly changing battlefield? The Ukraine war has already demonstrated how an effective Ukrainian anti-aircraft defence has been capable of denying airspace to sophisticated fighter jets available with the Russian Air Force. Is it not possible for increasingly versatile Artificial Intelligence (AI) guided UAVs to perform the tasks that are needed? Should we be aiming to more rapidly develop our space capabilities for combat applications? Or should we think of other options that may achieve the battle objectives better with the same expenditure and perhaps lower human costs?

Do we need to expand our armour capabilities, when recent experience—again in Ukraine—has brought out their vulnerabilities in modern war? Options like relying more on land, air and sea missile capability, mobile precision fire artillery systems, helicopters, unmanned systems and drones come to mind, particularly in view of recent experience from combat zones, notably Ukraine. Building

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The United States of America (USA) is attempting to answer such questions in its Force Design 2030, intended to be a total revamp of its Marine Corps. Force Design 2030 is going by the assumption that "we will not receive additional resources, we must divest certain existing capabilities and capacities to free resources for essential new capabilities."[11] Such an assumption is a good basis for a realistic assessment of what is needed to enhance capabilities.

We need to flag four sets of issues that would help such an assessment. These are clarity of objectives, lessons of recent combat experience, effective use of technology, and developing indigenous capability. A call on what exactly is needed, how much, and in what time frame has of course to be taken by the professionals and political leadership.

First, it becomes easier to weigh the trade-offs once the end objective is clearly defined. We need to be clear about what is expected of the armed forces. Are they expected to be prepared to have the offensive capability to capture territory currently held by China and Pakistan, or are they expected to focus on the defensive capability to hold the line and push back against aggression? Are we seeking to build a blue water navy to dominate the oceans or are we seeking to protect our coastline and exclusive economic zones, and deter aggression? Do we want to deploy the finest fighter aircraft, or do we want to use air and space effectively to defend the country and destroy enemy capabilities?

Second, it is evident that recent conflicts, most notably the one in Ukraine, challenge existing thinking about the conduct of modern warfare. They have demonstrated how with the help of the right technologies, a combatant relatively weaker in conventional capabilities can successfully neutralise the overwhelming superiority of the adversary in land, sea and air. Smaller and cheaper weapons systems can deny dominance to expensive, modern systems. For example, extensive use of drones and surface-operated missiles can and have neutralised air power superiority, massive deployment of armour, and strong naval presence. Autonomous unmanned weapons have arrived, whether in the form of drones, UAVs, or UUVs. Artificial Intelligence is adding to the capabilities of such weapons, enabling them to perform hazardous and lethal tasks in combat without risking valuable human lives. Should we not seek to plan ahead to absorb these lessons of experience?

Third, effective utilisation of available technology is becoming a critical factor influencing battle outcomes. For example, advanced communication networks will be increasingly important in future warfare. Ukraine has effectively relied on the SpaceX satellites to maintain its communication systems in support of its war effort even when its land-based systems were being destroyed.

The potential of Internet of Military Things (IoMT) is being just realised, and both the US and China are reportedly investing heavily in it. The Indian army is already reportedly using IoMT for securing communication linkages. Beyond battlefield communication, it has useful applications in reconnaissance and target identification functions. Side by side, a robust cybersecurity capacity must be a priority. Happily, these are all areas, where there is an abundance of technical talent in India, and the potential of private sector entities, has to be utilised for enhancing capabilities at a reasonable cost.

Such technologies have the potential to tilt battlefield outcomes and need to be increasingly factored into any assessment of combat

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capability. The capacity for mass indigenous production is an added advantage. Notably, a country like Turkey with a much smaller industrial base has successfully been able to mass-produce drones that have proved their worth,[12] and are now being widely exported. Surely it is feasible for Indians to replicate and surpass such efforts?

This brings us to the fourth set of issues. The ability of a country to supply domestically the needs of the forces is going to be increasingly important in the emerging multi-polar world where allegiances are in flux. Projected combat capabilities may remain on paper if there are unforeseen geopolitical bottlenecks. "*Atmanirbharta*", literally meaning self-reliance, summarises the idea well. We are far from this goal. It is sobering to appreciate that India is the world's largest arms importer![13]

Indigenous combat capability can only be developed with an all-of-nation approach, wherein the traditional hesitation in trusting the domestic private sector would need to be shed. Security concerns and perceived technological limitations are the overt reasons for this hesitation. Both these concerns need a rethink. Isn't it strange that as the world's largest arms importer, we trust foreign governments and the foreign private sector to provide needed arms for the forces, but have reservations in trusting domestic players?

Technological competence is surely not an issue. We all know that space rocket missions demand the most exacting of technological standards, and the laws of physics permit zero margins of error in space. The Indian Space Research Organisation (ISRO) already sources components for its rockets from the private sector, and plans on big-time private sector manufacturing for its space programme in the future.[14] Surely then a

vast majority of less technologically exacting defence needs can be fulfilled by domestic industry? In fact, we need to look at the role of commercial service providers and private industry as essential force enablers for enhancing long-term combat capacities.

Can we accelerate existing thinking and set a time frame wherein management control of non-performing ordnance factories is handed over to the best-suited private sector players?

Fortunately, things are changing now, and *Atmanirbharta* is a stated policy. But they are changing slowly and hesitantly. There is a need to think more radically. Making productive use of underperforming ordnance factories is one example. Can we accelerate existing thinking and set a time frame wherein management control of non-performing ordnance factories is handed over to the best-suited private sector players? There are complexities in such processes, but the sooner they are overcome, and more productive and efficient use is made of existing assets, the stronger will become the foundation of our combat capability in the future.

Geography

Recent history has led to combat capabilities and force deployment being geographically North-centric. This is inevitable as battles have been fought since Independence in the North essentially due to faultlines that are a legacy of colonial rule. Though, as a matter of fact, all the colonial rulers whether British, French or Dutch arrived by the sea from the South!

It is arguable that today the South needs significantly greater attention. Indonesia is a mere 90 nautical miles from the southernmost tip of the Andaman and Nicobar Islands. In between are the Straits of Malacca and the Six Degree Channel, amongst the world's most strategic waterways. For example, two-thirds of the world's oil trade passes through the Indian Ocean. About 70 per cent of the oil bound for China passes through this

area.[15] The US, United Kingdom (UK) and France have island bases and a major presence in the Indian Ocean.[16] The "string of pearls" strategy of our unfriendly neighbour poses potential threats, with a listening post in Little Coco Island of Myanmar, a naval base in Djibouti and control of Hambantota port in Sri Lanka. Under the circumstances, for our economic and national security, we need not only to enhance military capabilities in the region for deterring hostile actions; rather we should aim to turn the tables by exploiting our maritime geography.

Geography presents us with opportunities. A strong-armed presence in the Andaman and Nicobar Islands chain can be a game changer, and enable us to exert deterrent capability and project force far beyond the mainland. In the establishing and equipping of such a base, lessons can be drawn from China's Anti-Access/Area Denial (A2/AD) strategy,[17] designed and operationalised to limit the deterrence and intervention capabilities of the US and allies in the South China Sea. A2/AD rests on air and maritime missile-based defensive systems and are aimed at neutralising the advantages of superior enemy forces and challenging the enemy's freedom of movement in the area covered.

Similarly, the extended national jurisdiction available through the Lakshadweep Islands needs to be leveraged to its potential. This area is close to the shipping routes of traffic using the Suez Canal and has strategic value. Possibly the small size and fragility of these coral islands may make it difficult to establish a regular base. In that case, we can draw lessons again from the Chinese efforts at creating artificial islands and then militarising them. The possibility of creating artificial platforms for establishing military capabilities needs to be explored seriously, as it would dramatically enhance the potential to project force.

For overtly militarising our island assets, a political decision will have to be taken. Such a decision has immense national security ramifications. Intent already seems to be there. There is a plan for "holistic development" of the Great Nicobar Islands.[18] However, we need to go all the way, with

the plan including the development of combat capability in the form of a strong tri-Service base, not just a token presence. If we do not move ahead, we risk falling behind the curve till it's too late. Recall the recent loaded statement of a Chinese official that "the Indian Ocean is not India's ocean!"

On the other hand, a lean but well-equipped tri-Services base on these islands with A2/AD-like capabilities would be a force multiplier. The very existence of such a base can, like a prickly hedgehog, deter attackers, while creating the possibility of being able to disrupt enemy action if needed, in a much wider area than hitherto possible. It would be a way of turning geography to our advantage, big time. Sure, there would be a cost, but arguably less than the cost of some prestige projects that have a questionable rationale in future combat scenarios. Would this not be a more optimal use of the available financial resources?

Conclusion

Aiming to enhance combat capabilities by 2035 cannot be done by merely presenting wish lists and hoping that funds will be somehow available. It can only be achieved if we plan ahead realising that defence spending has to be affordable for the nation. Other major countries are restructuring their armed forces with this realisation, and there is no reason why we cannot do so too. There are huge opportunities all around us that can be seized and realised within the budgets available.

Changes in the long-prevailing mindsets are the need of the hour. From the historical Service-specific and turf-conscious thinking, we need to move on to adopt a whole-of-nation approach in support of our national security goals, and look at optimal trade-offs within that approach.

Former US President Trump put it well "[a]s long as you are going to be thinking anyway, think big![19]" To transcend narrow loyalties, and look only at the big picture—it's tough, but it has to be done. Cold rationality and absorbing the lessons of experience must guide the process of making

policy decisions and taking strategic calls for the future. As set out above, it is possible and doable to significantly enhance combat capabilities by 2035, within the resources realistically available.

But to do so, we need to start acting now!

Notes

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