

## Defence Reforms - Agenda for the New Government

*Military Affairs and Defence Economics & Industry*

May 22, 2014

### ***Summary***

A country's response to external threats and internal security challenges is based on its defence preparedness, advance planning for contingencies and the political will. The new government will have to make key decisions on different aspects of defence reforms. This Policy Brief puts forward some suggestions

Since the publication of the Kargil Review Committee Report, there has been intense public debate on the nature and scope of Defence Reforms needed in the country. The Group of Ministers in its report of 2001, had made major recommendations. Some of which have been implemented but critical one on the appointment of the CDS has been kept in abeyance. More recently, the Government appointed Naresh Chandra Task Force made further recommendations some of which have reportedly been accepted but the critical ones left out.

A country's response to external threats and internal security challenges is based on its defence preparedness, advance planning for contingencies and the political will. This is a function of its ability to assess the threats, build military capabilities, plan in advance and synergize all the mechanisms and tools of national power to achieve well defined objectives.

The new government will have to make key decisions on different aspects of defence reforms. The following recommendations, based on a study of a large number of reports already available with the government, can go a long way in concluding the process of defence reforms which began post Kargil.

1. **Appoint Chief of Defence Staff:** The appointment of Chief of Defence Staff on the basis of the GoM report of 2001 will be a transformative step towards defence reforms. This will help strengthen the process of defence planning, work out national priorities, develop joint threat and capability assessments, help take a long-term view of equipping the armed forces with due considerations of inter-service priorities. The appointment of a CDS will also require a simultaneous appointment of a Vice CDS, who will be responsible for the day-to-day coordination of operation planning and its execution. The appointment of the CDS will also set in motion the creation of joint service commands which are needed in the prevailing security environment. It will also give a fillip to the integration of the armed forces with the Ministry of Defence and bring about the necessary changes required in the MoD structure. The need of the hour will be to ensure that the Defence Secretary and the CDS work in synergy to provide the necessary military, technical and administrative advice to the Raksha Mantri. Integration of the Ministry of Defence and the Armed forces is equally necessary.
2. **Appoint a Senior Officer for Defence Preparedness:** Defence preparedness assume a critical role in the context of prevailing uncertainties in security environment, budget constraints, technological change etc. Many countries have senior officials charged with the responsibility of keeping a continuous watch on country's defence preparedness. A senior official of Additional Secretary level in the Department of Defence can be assigned the task of monitoring and ensuring defence preparedness at all times.
3. **Set up a Defence Technology Commission:** Rapid technological change affects defence preparedness in a big way. The positive experience with the Atomic Energy

Commission and the Space Commission in developing the necessary nuclear and space technologies in the country and achieving a large measure of self-reliance in these areas suggests the appointment of a similar commission i.e. a Defence Technology Commission (DTC) with the requisite authority to take decisions regarding the technologies required for future requirement and develop an interface with the Defence Industry. The Rama Rao Committee has made a similar recommendation.

4. **Set up National Maritime Commission and a National Aerospace Commission:** There is an urgent need for authority that looks at maritime and aerospace issues in a holistic matter though coordination with all concerned stakeholders.
5. **Enunciate National Security Strategy (NSS):** As a major player in the international system, it does not benefit India not to have a well-articulated national security strategy. The lack of such strategy document leads to adhocism in crucial matters of planning and preparedness. It is time that the National Security Council (NSC) government issues NSS.
6. **Amend DPP and Offsets Policy:** Defence Procurement Procedure (DPP) has evolved over the years since its first public articulation in 2002. The present version (i.e., DPP-2013) has made a number of vital improvements including that of the prioritisation of indigenous centric procurement categories over the import-oriented ones. The offsets policy, an integral part of the DPP, and in vogue since 2005, has also undergone certain improvements in DPP-2013. Given that these policies have a direct impact on indigenous defence manufacturing base and self-reliance, the following additional reform measures articulated by the private sector from time to time may be considered for inclusion in the DPP and offset policy:
  - a. Provide level-playing field to the Indian private sector vis-à-vis Defence Public Sector Units (DPSUs)/ Ordnance Factories (OFs) and foreign Original equipment Manufacturers (OEMs) by doing away with nomination process.
  - b. Rationalise taxes and duties to facilitate private sector participation in defence production
  - c. Exchange Rate Variation (ERV) provision for Indian private sector as provided to the DPSUs
  - d. Announce a list of projects which can be executed under 'Make' and 'Buy and Make (Indian)' categories in the next 5-10 years
  - e. Simplify 'Make' procedure to facilitate design and development of state-of-the-art defence equipment by the indigenous industry
  - f. Increase offset requirement from present 30 per cent to minimum 50 per cent

- g. Direct offsets through Request for proposals (RFP) to critical areas of national importance.
7. Enunciate a Defence Exports Policy: The country at the moment lacks a well-defined defence exports policy. This needs to be formulated at the earliest so that defence industry will have additional markets.
  8. Welfare and Morale: The welfare of both serving and retired soldiers affects not only the fighting efficiency of the armed forces, but also their morale. Given the nature of challenges faced by the armed forces on the borders and during internal security duties, the need to ensure the wellbeing of soldiers becomes an important factor for early implementation. Some suggestions are:-
    - (a) The anomalies in the pay and allowances of soldiers have been highlighted in the past on a number of occasions.  
Amongst these is the issue of one rank one pension. There is a need for a holistic look at existing anomalies and to ensure their early resolution.
    - (b) Discrepancies in implementation of pay commission recommendations have led to a number of court cases in the past. In addition to the inclusion of a military member in the seventh pay commission, which will bring in greater transparency in the planning process, a cell should recommend changes in the existing pay and allowances structure, to reduce litigation and embarrassment both to the government and serving as well as retired soldiers. The establishment of a war memorial is often seen as a requirement of the armed forces. Contrary to this view, it is a symbol of national pride and motivation. The long pending issue should be resolved expeditiously, with specific timelines and accountability for implementation

## Conclusion

Defence Reforms need not be a long drawn out process in view of the fact that a large number of committees have debated these and given their recommendations. Besides, we can draw upon the experiences of other democratic countries to avoid prolonged experimentation. Many of the recommendations of the Group of Ministers (GoM) and committees require decisions at the political level since the inertia and entrenched parochial interests within the services and the bureaucracy will have to be overcome. Some of the aspects like appointment of CDS have been highlighted in this brief. Others like the establishment of a Defence Technology Commission can be initiated, with the proviso for changes over a period of time. Either way, there is an urgent need for undertaking defence reforms to ensure better preparedness and capability development, given the nature of security challenges faced by the nation.