

## OUTLAY FOR DEFENCE SECTOR INCHES BEYOND RS. 3 LAKH CRORE

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

The allocation for Defence in this year's interim Budget stood at Rs. 3.18 lakh crore and Defence pensions at Rs. 1.12 lakh crore compared to last year's allocation of Rs. 2.95 lakh crore excluding pensions. This is a meagre hike considering the mega defence tenders lined up as part of military modernisation.

"Our Defence budget will be crossing Rs. 3 lakh crore for the first time in 2019-20. For securing our borders and to maintain preparedness of the highest order, if necessary, additional funds would be provided," Finance Minister Piyush Goyal announced on Friday.

The allocation represents a 7.92% growth over the estimates of last year and 6.87% over the revised estimates of last year which was Rs. 2.98 lakh crore. Total allocation including Defence pensions forms 15.48% of the total Central government expenditure for the year 2019-20, the Defence Ministry said in a statement.

Of this, the allocation for revenue expenditure is Rs. 2.01 lakh crore and capital expenditure is Rs. 1.08 lakh crore.

In real terms the allocation is barely a hike after factoring in inflation and currency fluctuation. This is a worrisome scenario as for the much-needed military modernisation as several multi-billion dollar Defence deals are in the pipeline.

Commenting on the budgetary allocation, Commodore C. Uday Bhaskar (retired), Director of Society for Policy Studies, said it was inadequate for the kind of military modernisation that India needed. "A stark indicator is the fact that the capital allocation though has increased in rupee value, has fallen in dollar value," he told *The Hindu* .

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