

Running Low on Ammunition

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A report appearing in the media¹ suggests that the world's second-largest army is fast running out of ammunition and that it should be possible to build up the war wastage reserve up to 100 per cent by 2019 provided the government is willing to spend INR 19,250 crore.

Why would the government not be willing to spend this amount? It works out to less than INR 4,000 crore per year over the next five years. Surely, the defence budget can accommodate this.

In fact, allocation of budget for buying ammunition does not require any specific approval of the government. As a part of the budgeting process, Services Headquarters are informed about the fund to be made available for the given year and they are perfectly at liberty to allocate as much amount as considered necessary for various purposes, including procurement of ammunition.

Then what is the problem? For one thing, the money required for topping up the ammunition reserves is possibly much more. Secondly, the overall allocation is probably not enough for Army to earmark more funds for buying ammunition. This has been happening year after year.

Most of the ammunition is purchased out of the 'Stores' budget, which is a part of the revenue allocation. More than 60 per cent of the revenue allocation of Army is consumed by pay and allowances, for which funds have to be provided in full. The amount left is inadequate for meeting the requirement under other budget heads, a lot of which is also mandatory, such as the expenditure on clothing, ration, fuel, etc. Consequently, the burden

¹ See 'Army running low on ammunition' by Rajat Pandit in the *Times of India*, March 24, 2014

of inadequate allocation gets passed on to the areas where paucity of funds would not trigger any immediate crisis – procurement of ammunition being one such area.

The MoD is cognisant of this as would be evident from the following excerpt from a report of the Standing Committee on Defence²:

“1.23 When asked to state where compromises have been made or likely to be made due to the reduced budgetary allocation against the projections made by the three Services and other organisation/heads, the Ministry of Defence in their written replies stated:—

“Under the revenue segment, after providing for salary and other obligatory expenses the balance allocation is distributed to meet the requirement of stores (including ordnance), transportation (of personnel and stores), revenue works and maintenance, etc. These areas are likely to be impacted by the reduced allocation.”

But this is not the only reason why the stock of ammunition has gone down. One of the contributory reasons is the inability of the ordnance factories, which are the main – though not the only - source of supply of ammunition to Army, to meet the annual targets.

According to a report of the Comptroller & Auditor General of India³, ordnance factories have been lagging behind in their production programme for ammunition, weapons and vehicles, materials and components (See the Table 1 below).

² Fifteenth report of the Standing Committee on Defence (fifteenth Lok Sabha) on Demands for Grant for 2012-13, available at <http://164.100.47.134/lssccommittee/Defence/FINAL%20DFG%20%20REPORT%20-2012-13.pdf>

³ See Chapter VIII of C&AG's Report No 24 of 2011-12 (Defence Services), accessible at http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_compliance/2011_12/Defence_Services/report_24/Chap8.pdf

Table 1

Year	Number of items				Percentage of shortfall with reference to target fixed
	For which demand existed	For which target fixed	Manufactured as per target	For which target was not achieved	
2007-08	628	507	360	147	28.99
2008-09	419	419	296	123	29.36
2009-10	605	434	300	134	30.88
2010-11	1016	639	416	223	34.90
2011-12	982	547	195	352	64.35

Though these figures reflect the overall position, it would not be unreasonable to infer that the overall shortfall includes shortfall in the targets for production of ammunition. The budget figures also corroborate this. Ammunition is purchased from Minor Head 110 C 'Stores', under which utilization of budget has been lower than the allocation between 2009-10 and 2011-12, as can be seen from Table 2.

Minor Head 110 C – AOC Stores Ex-DGOF (Rs in crore)

Table 2

Year	BE	RE	Actual
2007-08	2396	2261	2497
2008-09	2809	2911	3038
2009-10	3666	3346	3322
2010-11	4221	4221	4165
2011-12	4620	4356	3885

(Source: Compiled by the author from Defence Services Estimates)

These are not ammunition-specific figures but they are indicative of the need to look at the supply side of the problem.

There is another factor which has had an adverse impact on building up of the ammunition reserve: lack of planning for procurement/indigenous manufacture of ammunition while

inducting the main weapon system. This problem is more acute in the case of Army as normally the main system is procured from the capital budget while the ammunition is procured from the revenue budget.

For example, while inducting the T-72 and T-90 series tanks, we got the technology from Russia for making HE and HEAT ammunition for the tank but did not obtain the technology for 125 mm FSAPDS ammunition, which is the most crucial ammunition for this tank. The ordnance factories tried making it but ran into problems. Then they tied up with IMI of Israel but before anything could come out of this tie-up, the company ran into rough weather because of allegations of corruption. We are now importing this expensive ammunition. Similar is the story of Bi-Modular Charge system (BMCS) for 155 mm gun. The tie up with two successive OEMs ran into problem and the DRDO development project also did not succeed. Consequently, we continue to be dependent on import.

Procurement of electronic fuzes for artillery is yet another example. Army had been buying fuzes from ECIL, a Public Sector Undertaking, but even after more than 15 years this sole Indian supplier continues to be dependent on the OEM for critical subsystems. Given an opportunity, some Indian private sector companies could make the fuzes but for one reason or the other this has not happened.

If we have no qualms about importing from other countries why cannot we buy ammunition from our own private sector companies? They are, in any case, making certain categories of explosives even at present. While restrictions could apply to production of small arms and ammunition, for large calibre arms and ammunition there is a case for permitting the private sector companies to chip in. This could reduce the cost of items like the fuzes, bi-modular charge and flares, which are presently being imported.

There is a need to prepare a roadmap for making up the deficiency in the ammunition holding of the Army. As this is a part of capability building, the project could possibly be funded from the capital budget. No weapon system should be inducted without a plan for indigenous procurement/ manufacture of ammunition required for the system being considered as a part of the capital acquisition proposal. The problems that affect the production targets of the ordnance factories also need to be addressed to ensure long term solution of the problem. To augment the capacity of the ordnance factories, MoD could consider involving the private sector in the endeavour, either working independently or in

tandem with the ordnance factories/ Public Sector Undertakings in the form of joint ventures.

These ideas have been considered in the past but in a disjointed manner. It is now a day too late for undertaking this task in a mission mode and to monitor it closely, even if, hopefully, Indian Army will not have to engage itself in 40 days of intense war entirely on its own. Amen.

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