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Indian army troops in Srinagar, Jan. 26. PHOTO: IDREES ABBAS/ZUMA PRESS

When it comes to military spunk, no Indian politician shows it off like Narendra Modi. The prime minister sometimes dons camouflage to celebrate Diwali, the Hindu festival of lights, with troops on the borders with China and Pakistan.

While inaugurating a film museum last month, Mr. Modi greeted the audience with a catch phrase from “Uri: The Surgical Strike,” a recent Bollywood hit about a 2016 military operation in which Indian soldiers entered Pakistani-controlled territory to take out purported terrorist training camps. The prime minister often cites the episode to contrast his muscular leadership with the allegedly feckless opposition.

Unfortunately, Mr. Modi’s spending priorities do not match his rhetoric. Last week’s federal budget—a stopgap exercise before national elections this spring—underscores his habit of choosing butter over guns.

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The budget promises income support for poor farmers, increased outlays for a government health-insurance scheme, tax cuts for the middle class, and pensions for workers in informal businesses. Though the \$60.9 billion earmarked for defense is the most ever in absolute terms—and an 8% increase over last year—defense outlays have dipped to a modest 2.1% of gross domestic product.

That decline is made worse because much of India's military budget is consumed by salaries for its bloated 1.4-million-strong army, rather than for buying weapons and investing in new technologies. Inflation and a weakening rupee—India imports about two-thirds of its military hardware—crimp the budget further.

For the U.S., which is cooperating more closely with New Delhi as a hedge against Beijing's expansionism, the long-term risks of India's tight military spending ought to cause concern. Each year India falls further behind China's rapidly modernizing military.

"India's aspirations are always lofty," says Ashley Tellis, an expert on Asian geopolitics at the Carnegie Endowment for International Peace in Washington. "But there's a huge disconnect with what would allow them to achieve those ambitions."

On the surface, India's military spending looks robust: It ranked 10th in the world in 2007, according to the Stockholm International Peace Research Institute. By 2017 it had climbed to fifth, behind the U.S., China, Saudi Arabia and Russia. India is also the world's largest importer of arms.

Yet this may not be enough. Thanks to populist politics, defense spending has declined steadily, from 3.5% of GDP in the mid-1980s. China's vastly larger economy allows it to allocate almost four times as much to defense as India—\$228 billion in 2017.

Then there's the quality of spending. **Delhi's Institute for Defence Studies and Analyses estimates that** the approximately \$14 billion India spends each year on defense-related pensions—including for civilians who work in state-owned defense companies and research organizations—exceeds what it spends on weapons. A generous pension plan enacted by the Modi government in 2015 accounts for some of the skew.

As recently as 2011, the military managed to hold personnel expenditures to 60% and leave 40% for weapons. **According to IDSA, personnel costs now consume two-thirds of military spending.** At the same time, **the rupee has declined about 12% against the dollar over the past 13 months,** meaning even less money to acquire expensive ships, aircraft and submarines from overseas. Take inflation into account and India's generals and admirals command less resources this year than last.

"The Indian military is not getting the bang for its buck that the headline figures would suggest," says Walter Ladwig, a military expert who teaches at King's College in London. "The International

Institute for Strategic Studies shows that India has surpassed the United Kingdom in defense spending, but meanwhile nearly 70% of the Indian army's hardware is considered vintage."

Increasing weapons funding will be essential if India's defensive capabilities are to match its increasing commitments. On Mr. Modi's watch, India has spoken more forcefully about freedom of navigation in the South China Sea and signed two long-pending agreements that make it easier to cooperate with the U.S. military. India has also helped revive the Quad, a consultative grouping of the region's most powerful democracies—the U.S., Japan, India and Australia. Cumulative U.S. arms sales to India—virtually nonexistent two decades ago—have surpassed \$18 billion.

Nobody in Washington expects New Delhi to match Beijing's defense spending, but if India falls too far behind China, its allure as a democratic bulwark in the Indo-Pacific will diminish greatly. In India itself, policy makers will be tempted to kowtow to Beijing rather than stand up to it.

Mr. Tellis of the Carnegie Endowment believes that the next 10 to 15 years will be crucial. "For the U.S., that's the million-dollar question," he says. "If India continues along this path, does our bet on it become a failed bet?"