

Defence Capital Procurement: Differing Perspectives for Armed Forces and CAPFs

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The most tragic error a General can make is to assume without much reflection that wars of the future will look much like wars of the past. After visualising the conditions of future combat, the General is responsible for explaining to civilian policy-makers the demands of future combat and the risks entailed in failing to meet those demands. Civilian policy-makers have neither the expertise nor the inclination to think deeply about strategic probabilities in the distant future. Policy-makers, especially elected representatives, face powerful incentives to focus on near-term challenges that are of immediate concern to the public. Generating military capability is the labour of decades. If the General waits until the public and its elected representatives are immediately concerned with national security threats before finding his voice, he has waited too long. The General who speaks too loudly of preparing for war while the nation is at peace, places at risk his position and status. However, the General who speaks too softly, places at risk the security of his country. Failing to visualise future battlefields represents a lapse in professional competence, but seeing those fields clearly and saying nothing is an even more serious lapse in professional character. The history of military innovation is littered with the truncated careers of reformers who saw gathering threats clearly and advocated change

boldly. A military professional must possess both the physical courage to face the hazards of battle and the moral courage to withstand the barbs of public scorn¹.

India's Central Armed Police Forces² (CAPFs) totalling more than a million troops comprising principally the Border Security Force (BSF), Central Reserve Police Force (CRPF), Indo-Tibetan Border Police (ITBP), Sashastra Seema Bal (SSB), and Central Industrial Security Force (CISF) under the Ministry of Home Affairs (MHA), not long back, used to induct weapon systems and equipment in use with the Indian Army (IA). This has dramatically changed now. The CAPFs are now importing high end weapons even before the Army has inducted them.

In the recent past, during one of the routine procurement review meetings at the MHA the Chairman and then Home Secretary who was also a former Secretary (Defence Production) had advised the CRPF, the country's largest CAPF to "buy the best available UAV (Unmanned Aerial Vehicle)" through a global tender³ for procurement rather than depend on the Public Sector Unit (PSU) Hindustan Aeronautics Limited (HAL). Ironically, around the same time, the then civil Aviation Minister of India had objected⁴ to the Indian Air Force's (IAF's) procurement of 56 transport aircraft through a private development partner in India under the "Buy and Make Indian" category of the Defence Procurement Procedure (DPP) then in vogue, rather than go to an over-burdened HAL. The fact that both deals eventually did not go through as planned is a matter of detail, but the manner in which the CRPF was exhorted to go away from HAL, while the IAF was exhorted to reach out to HAL, does raise questions about how defence acquisitions are viewed with a different prisms for the defence forces and CAPFs.

In the past decade, the procurement profile of the CAPFs has emerged as vastly superior to that of the Indian Army. In the last few years, especially starting 2010-11, the BSF and CRPF have acquired more than 30,000 'Storm' MX-4 sub-machine guns from Italy's Beretta, with Under Barrel Grenade Launchers (UBGLs) and around 68,000 AK-47 variant assault rifles from Russia. Other CAPF purchases include the Tavor X-95 carbines from Israel and 9mm MP-5 sub-machine guns from Germany⁵. Interestingly, these procurements are being effected at a time when the Army is struggling with its procurement of assault rifles and Close Quarter Battle (CQB) carbines owing to internal procedural issues. The Army today is not only deficient in high-tech equipment such as rifles, tanks, missiles and howitzers, it is also deficient in bullet-proof jackets, mosquito nets and clothing for the troops deployed in the Siachen Glacier.

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The widespread belief that the Qualitative Requirements (QRs) in the armed forces are gleaned from glossy brochures and that unrealistic parameters for defence equipment are formulated is now a thing of the past, and the capital acquisition system of the defence forces is one of the most complex processes adopted by armed forces worldwide. However, most high value procurements for the armed forces are still executed outside of the DPP through the Foreign Military Sales (FMS) and Inter-Governmental Agreement (IGA) route, the procurement of utility helicopters⁶ for the Army being one such recent example. The reasons for the tardy procurement by the armed forces as compared to a much faster procurement in the CAPFs can be arrived at through an examination of various constructs that the capital acquisition system comprises, namely, the planning, procedural and budgetary dimensions.

The Planning Construct

The Services' long-term plans follow a detailed methodical and iterative process for arriving at their overall requirement of critical weapons and equipment. The planning process is conceived for a 15-year time dimension, while the actual procurement is carried out for a two-year Annual Acquisition Plan (AAP). In 2014-15 itself, the new schemes approved for armed forces for which Acceptance of Necessity (AoN) had been already accorded, stood at about INR 1.2 lakh crore.⁷ Despite this, the gap between AoN and deployment of capability could not be transcended in almost all significant cases due to budgetary constraints, and the equipment, as a result, remains deficient. Compared to this, the modernisation plan for the CAPFs sanctioned by the Cabinet Committee on Security (CCS) in 2013 is on course. Themed at "Protective Equipment Solutions" and "Surveillance Solutions," the plan conceives induction of state-of-the-art weapon systems such as Under Barrel Grenade Launcher (UBGLs), Multi-Grenade Launchers (MGLs), and anti-material rifles as well as communication equipment such as ground penetrating radar systems, unmanned aerial vehicles, target acquisition binoculars, corner shots, Hand-Held Thermal Imagers (HHTIs)/Thermal Sights/Night Vision Devices (NVDs), and unattended ground sensors. Not only has the MHA maintained a focussed modernisation plan for the CAPFs, it has also maintained momentum in the execution of the plan. The CAPFs have realised the importance of shorter modernisation cycles given the varied and evolving tactics adopted by the insurgents and terrorists operating within India.

The Procedural Dimension

The DPP, over the years, has matured as a comprehensive contract operating manual and is poised to become a capability development manual with the new version backed by the Dhirendra Singh Committee report due in mid-2016⁸. However, procurements of the last decade, especially for the Army, reveal the inability of the DPP and its attendant structures to deliver in terms of vital requirements of the Indian armed forces. The Services today are short of most critical requirements, with the Army leading the charge as it has also been short of an entire range of ammunition, both indigenous and ex-import, for the last almost a decade⁹. Procurements through the DPP are examined by more than thirteen committees spanning seven departmental organs, undergoing eleven phases of evaluation, many of them being open-ended, without time lines. Non-implementation of the recommendations of as many as ten reform committees on acquisition has not helped matters. The CAPFs, on the other hand, are governed for acquisition by a more generic process in the form of various provisions in the General Financial Rules (GFR) 2005, together with the DFPR (Delegation of Financial Power Rules) 1978, and the rate contracts concluded by DGS&D (Directorate General Supplies and Disposal). The CAPFs mostly resort to Commercially Off the Shelf (COTS) purchases, hence, the cases of General Staff Qualitative Requirements (GSQRs) falling through are few and far between. Till 2006, major procurements were being handled by the MHA procurement wing at their level. However, the new system ushered in thereafter is based on the nodal method of acquisition wherein one CAPF is made responsible for a particular range of equipment, such as the National Security Guard (NSG) is responsible for procurement of weaponry, while the CRPF is responsible for procurement of communication equipment. The decision loop in the CAPFs is much shorter as is visible in the enhanced range of procurements, both indigenous and ex-import, in the past decade. It should indeed set the exponents and practitioners of defence acquisition thinking as to how the Service Headquarters (SHQ) and Ministry of Defence (MoD), with a detailed DPP revised seven times since 2002, have not been able to achieve what the CAPFs and the MHA have achieved with generic GFR.

**The DPP
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Budgetary Dimension

Paragraph number 86 of the Finance Minister's budget speech which takes but a few minutes to dispose India's US\$ 40 billion defence budget, reads as under:

86. Defence of every square inch of our motherland comes before anything else. So far, we have been over-dependent on imports, with its attendant unwelcome spin-offs. Our Government has already permitted FDI in defence so that the Indian-controlled entities also become manufacturers of defence equipment, not only for us, but for export. We are, thus, pursuing the Make in India policy to achieve greater self-sufficiency in the area of defence equipment, including aircraft. Members of this august House would have noted that we have been both transparent and quick in making defence equipment related purchase decisions, thus, keeping our defence forces ready for any eventuality. This year too, I have provided adequately for the needs of the armed forces. As against likely expenditure of this year of 2,22,370 crore, the budget allocation for 2015-16 is 2,46,727 crore.

As is evident from the above, the defence budget has accordingly been enhanced from the existing INR 2.22 lakh crore in 2014-15 to INR 2.46 lakh crore for the three Services in the current Financial Year (FY). INR 1.52 lakh crore of this budget is for the revenue budget while the capital budget stands at approximately INR 95,000 crore. Out of this, approximately INR 22,000 crore has been allocated for the modernisation of the Army. The actual capital expenditure of the one million strong CAPFs, on the other hand, standing at INR 33,000 crore¹⁰ for 2014-15 (Table 1 below) is by no means a modest amount and aggregates greater than the entire health care budget of India for the current FY¹¹. While the defence modernisation budget has shown a diminishing trend due to its consistent transfer to service the revenue head annually,¹² the MHA proposes to double the existing CAPF modernisation budget.¹³ Clearly, this underscores a need to reexamine the defence capital acquisition system and bring in more accountability into MoD procurements to get greater value for money¹⁴.

Table 1: Actual Capital Expenditure on Modernisation of CAPFs from 2003-14

Actual Expenditure on CAPFs during the period from 2003-2004 to 2014-2015 (upto 31.12.2014). (₹ in crore)								
YEAR	AR	BSF	CISF	CRPF	ITBP	NSG	SSB	TOTAL
2003-2004	929.15	2970.24	982.19	2087.78	468.32	113.81	315.92	7867.41
2004-2005	1005.64	2635.76	1061.24	2516.96	552.72	128.00	381.84	8282.16
2005-2006	1314.17	3560.45	1134.07	3228.03	576.25	140.28	381.97	10335.22
2006-2007	1478.29	3398.85	1225.59	3642.40	707.99	151.19	779.92	11384.23
2007-2008	1541.81	3879.00	1376.23	3911.69	1000.73	163.90	943.70	12817.06
2008-2009	2016.27	5398.50	2169.28	5557.82	1433.24	210.52	1241.63	18027.26
2009-2010	1599.02	4472.66	1978.88	5262.33	1134.05	231.70	801.31	15479.95
2010-2011	2814.79	7366.87	2780.44	8128.10	1862.35	491.77	1630.36	25074.68
2011-2012	3207.91	8741.67	3382.72	9662.89	2208.09	578.59	2073.08	29854.95
2012-2013	3359.83	9772.55	3967.95	11040.13	2917.85	541.77	2765.16	34365.24
2013-2014 #	3651.21	10904.74	4401.49	11903.70	3346.94	536.70	2979.16	37723.94
2014-15 *	3140.36	9877.42	3913.18	10778.60	2924.55	395.71	2706.58	33736.40

Source: MHA Annual Report 2014-15

The MHA is sparing no effort to ensure that its allocated capital budget is expended within the given timelines for meeting the requirements of the forces under its command¹⁵. As has been established the world over, capital acquisition is not only about ‘procedures’, otherwise the Army which is often accused of sluggish procurements, would have made up its deficiency through the ‘Fast Track Procedure’ (FTP) which has not happened, as has been yet again highlighted by the recent failure of procurement of the Army’s sniper rifles.

The Army’s procurements are not only stymied by the various constructs, as discussed above, they also suffer from the differences in world views within the stakeholders, leading to an ‘us and them’ syndrome between the MoD and SHQ at the functional level, a leverage which the Indian Police Service (IPS)-led CAPFs liberally accrue in their dealings with the MHA. The complexities of silo working imposed on the Services by a dysfunctional relationship with fellow acquisition stakeholders such as the Director General of Acquisition, Director General of Quality Assurance (DGQA) and Defence Research and Development Organisation (DRDO) further convolutes the situation.

At the cost of transgressing the customary injunction of not discussing the human dimension of acquisition, the essence that is derived from an analysis of both the public procurement scenarios in the MoD and the MHA is two-fold. The first being that the MHA procurements are on course because the casualties being suffered by the CAPFs in the anti-Naxal operations are avoidable and can be directly linked to the absence of critical life saving equipment thereby raising uncomfortable questions¹⁶. Secondly, the message from the rank and file in the CAPFs which have 80 percent of the forces deployed in the anti-Naxal operations has reached right to the strategic apex at the MHA, that the 'CAPF trooper' of today, deployed in the red terror zone, may resent putting his life on the line in the face of a perceived departmental apathy¹⁷ and red tapeism. Hence, while the CAPF procurements are "top driven", the modernisation agenda of the defence Services is but a parochial Army effort without the benefit of a strong political direction.¹⁸

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Notes

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