

continuing its allocations on agriculture. All this without imposing any additional tax burden. While the privatisation of two public sector banks is a seminal move, the Budget also tries to tackle the non-performing asset challenge through asset reconstruction companies. Overall, the Budget will propel the India story further. We continue to be very bullish on growth opportunities in India.

demand across product categories. Announcements like the National Rail Plan, Jal Jeevan Mission, and City Gas Distribution Network will generate new employment and spur demand. The govt has done a balancing act of infra development between the rural and urban areas. Overall, we can call it a reformist Budget as it recognises the participation of private players in all key areas.

government has undertaken enabling reforms across sectors — creation of specialised stressed asset resolution entity, hike in FDI in insurance, PLI schemes, new health care initiatives, etc. Focus on generating revenue through disinvestment rather than a higher tax burden must be applauded since it ensures no impact on the spending of individuals.

Defence allocation remains same but IAF gets highest capital boost

Budget allocations for 2021-22 are skewed, with the IAF allocated ₹53,215 crore, the Navy ₹35,904 crore, and the Army getting ₹36,532 crore

AJAI SHUKLA
New Delhi, 1 February

In a situation of heavy pressure on the economy, while also confronting an intrusion by Chinese troops on the border in Ladakh, the government has kept the defence budget at approximately the same level as the current year, allocating ₹4.78 trillion for 2021-22.

The Revised Estimates for 2020-21 indicate that the military has spent ₹4.78 trillion this year, a significantly higher amount than what was allocated in February 2020.

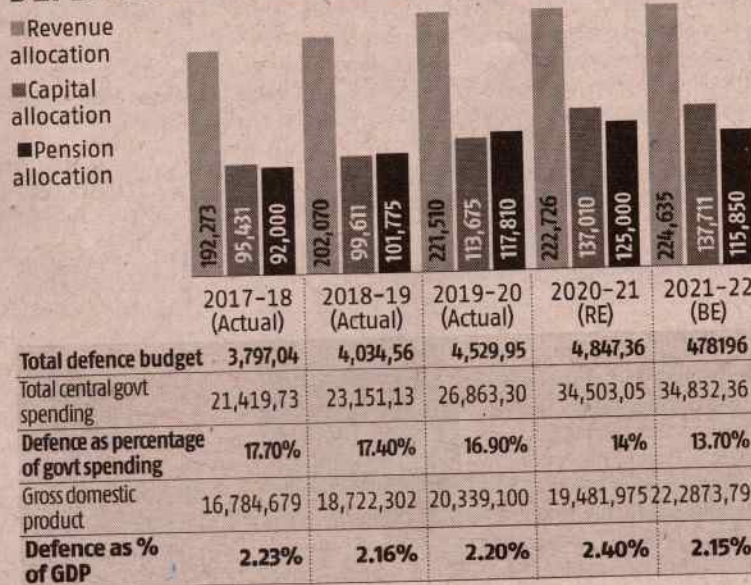
The reason for this is learnt to be the emergency procurement of arms and ammunition that was triggered by the Chinese intrusions into Ladakh last April. Against ₹1.18 trillion allocated for capital spending in the current year, the government spent ₹1.37 trillion — almost ₹20,000 crore extra.

Much of the money for the extra capital spending was found by squeezing the pension budget. Of the ₹1.33 trillion allocated for defence pensions, the government spent only ₹1.25 trillion. For the coming year, the government has slashed defence pension allocations by another ₹9,000 crore.

Defence experts, many of whom have lamented the large share of the defence budget consumed by pensions, say the reduction is being made possible by the plan to increase the retirement age of soldiers, sailors and airmen. This has been proposed by Chief of Defence Staff General Bipin Rawat.



DEFENCE ALLOCATIONS FROM 2017-18



Source: Compiled from Budget documents

Expenditure in the current year's capital budget is biased heavily in favour of the Indian Air Force (IAF), which has spent ₹55,084 crore, com-

pared to the Navy's ₹40,043 crore and Army's ₹33,283 crore. The Army has the smallest share in the capital budget, even though it is

facing the brunt of Chinese intrusions in Ladakh and has undertaken a challenging winter deployment in the 15,000-ft-plus heights there.

The capital budget allocations for the coming year, 2021-22, are similarly skewed, with the IAF allocated ₹53,215 crore, the Navy ₹35,904 crore and the Army getting ₹36,532 crore.

This underlines the IAF's continuing burden of payments for the Rafale fighters it bought in 2016, modernisation of the Mirage 2000 fighter fleet and manufacture of additional Sukhoi-30MKIs and Tejas fighters by Hindustan Aeronautics (HAL).

There is also a large expenditure looming on a tender for 114 multi-role fighters, for which the IAF has initiated global procurement.

To the military's credit, it has mobilised a large number of troops and equipment to the Ladakh frontier without overshooting its revenue budget from which payments for such a deployment is made.

Against the revenue budget allocation of ₹2.19 trillion for the current year the military has spent ₹2.22 trillion on its operations countrywide, including in Ladakh.