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India raises defence budget after Mumbai attacks

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NEW DELHI India will increase its defence spending by nearly a quarter in 2009/10 as the government focuses on security measures after November's Mumbai attacks.

Defence spending is set to rise 23.7 per cent to \$28.9 billion for the fiscal year 2009/10 that begins on April 1.

'We are going through tough times. The Mumbai terror attacks have given an entirely new dimension to cross-border terrorism,' Acting Finance Minister Pranab Mukherjee said while unveiling an interim budget ahead of a general election that must take place by May.

'A threshold has been crossed. Our security environment has deteriorated considerably,' said Mukherjee, who is also the foreign minister.

Last year, India raised defence spending by 10 per cent.

India is integrating its three armed forces – the army, navy and the air force – and increasing security along its coasts.

The country is also looking to spend more than \$30 billion over the next five years to modernise its largely Soviet-era weapons systems and is also launching its first military spy satellite next year.

But experts said a slow bureaucratic process could still delay modernisation efforts.

India seldom spends its entire budget allocation for defence because of red tape associated with arms purchases, and analysts said unless it clears pending deals faster, the budgetary allocation would not make any difference.

'We are confronted with a massive deficit in capacity in terms of requirement and in terms of current strategic needs and global attention,' said Ajai Sahni of New Delhi's Institute for Conflict Management. 'We still have to see how it is spent.' India is planning one of its biggest ever arms purchases, a \$10 billion deal to buy 126 fighter jets.

It is also building five nuclear submarines for \$2.9 billion and spending an additional \$1 billion on a domestic weapons development programme.

Some analysts said there was a positive intent to spend more on defence after the recent militant strikes and the budgetary allocation was a reflection of that change in India's attitude.

'It is a reasonable increase and will help India deal with the inventory gap, as we have a number of items in terms of inventory replacement for the three armed forces,' Uday Bhaskar, a strategic analyst said.

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