Twitter Thread by Abhi and Niyu



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Decoding the Ministry of Defence Budget for 2021

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To understand a broader picture, listen to this podcast by the @TakshashilaInst

https://t.co/rcp5D9ofwy

You don't need the Spotify app for this. It opens in the browser as well.

Let us deep dive into the Ministry of Defence budgets and compare it to the previous years:

Budget 2021:

Revenue Expenditure: Rs. 337,961.49 crores

Capital Expenditure: Rs. 140,234.13 crores

Total Budgetary outlay: Rs. 478,195.62

Budget Expenses 2020:

Revenue Expenditure: Rs. 322,761.99 crores

Capital Expenditure: Rs. 108,248.80 crores

Total Budgetary outlay: 431,010.79

This is how much was given to Ministry of Defence in the Union Budget in 2020.

Revised Estimates (how much the Government actually ended up spending)

Revenue Expenditure: 344,606 crores

Capital Expenditure: 140,130 crores

Total Actual spends: 484,736 crores

What does the Ministry of Defence cover?

MoD covers the Armed Forces i.e Army, Navy, Air Force. It also includes Defence Research & Development Org (DRDO), Dept of Ex-Servicemen Welfare (pensions), Department of Defence (education, policy etc)

https://t.co/gFfVcrYxY9

Each of these components have their own allocation in the Ministry of Defence budgets. Attached is a screenshot for the Budget 2021

MINISTRY OF DEFENCE

18. Ministry of Defence (Civil)
19. Defence Services (Revenue)
20. Capital Outlay on Defence Services
21. Defence Pensions

You can check the detailed budget for Ministry of Defence here:

Ministry of Defence Civil - https://t.co/XVDSTAAm8a

Defence Services Revenues -https://t.co/t7j20xdSKa

Capex outlay - https://t.co/Eo501cE1a0

Pension liability -
https://t.co/jFkVIDZWDj

With the incursions in Ladakh by the Chinese forces, spending on Border Roads was pushed up. In the revised estimates, the Govt ended up spending Rs.3,100 crores, up by Rs. 800 crores.

In 2021, Rs.2,500 crores have been allocated for Border Roads.

The Defence forces have always had a problem because they do not have funds for modernization. There is not enough research done and most defence procurement is done from abroad. This increases the costs. Majority of spends are made on revenue expenses.

The podcast that I shared explains the problem very well of lack of modernization in the Defence forces. I would recommend listening to it to get more information.

The second big payout for the Ministry of Defence is pensions. The amount of pension payouts is around 25% of the total budget.

This article explains the pension dilemma of the country

https://t.co/QUKxt4HV8y

As such, when you look at the budget, it is not very encouraging. We cannot take China very lightly. We don't have the funds to spend in so many critical areas. It is a very tough balancing line to walk because pension commitments can't be pushed.

Some interesting reading material from Policy experts:

https://t.co/mq4L6RSLjo

I will keep adding more to this thread as I read more about India's MoD

Let me know which Ministry to unpack next.