CHAPTER-V
CONCLUSION

The defence policy is generally understood as part of a regime of security a country has evolved over a period of time. It is embedded in an environment of national security which is conceptualised as the ability of a nation to protect its core values and legitimate interests against all internal and external threats. A nation can claim to have security when its core values and legitimate interests are well under control. The traditional concept of security implies that threats may emerge from beyond the borders from time to time, for meeting which necessary preparations have to be made. The defence policy of a country is thus a complex realm of negotiations between the threats (real or perceived) and the core values of the system.

Since independence, India’s defence and foreign policy options have been shaped by an inter-related realm of internal, regional and international settings. The internal setting unravels a variety of factors like geopolitics of the country, elite perceptions, the economic and industrial infrastructure, nation building and state building challenges etc. At the regional level, tensions and conflicts with Pakistan and China, and later Bangladesh and Sri Lanka became critical factors in India’s security calculus. At the international level, India has to cope with the changing equations of power politics and the resulting tensions and conflicts in different parts of the world. Of late, cross-border terrorism, religious fundamentalism, coastal and maritime issues have added to the list of India’s national security challenges.

One of the most crucial challenges which India faced after independence was the emerging international situation characterised by cold war between the US and the USSR. India’s policy of non-alignment was a strategic response to face the grave situations created by the cold war at the international level. India was committed to the policy strategy of non-alignment primarily with the objective of ensuring the security of the country. It was this security consideration which made India evolve a path of moving away from the power blocs. Thus, Nehru’s concept of
non-alignment had an implicit security rationale. The purpose of the policy was not merely one of steering clear of military blocs for moral reasons, but also one of manoeuvring among the great powers for security reasons.

However, at the regional level, India's security has been constantly endangered. The country lost a fairly large portion of its territory to Pakistan and China in less than a decade and a half after independence. A major problem that India had to encounter right from the beginning pertained to the question of Kashmir against which there was an attack from Pakistan in October 1947. Pakistan received considerable American support in its struggle with India. Its attempt to forge a strategic tie up with the US created a new set of challenges to India. In 1954, Pakistan signed a Mutual Defence Assistance Agreement with the United States, followed by its membership in the SEATO and CENTO. To complete the network of joint treaties with the United States, Pakistan signed another one in March 1959. The US decision to provide military aid to Pakistan was a momentous development in South Asia.

Even as India’s relations with Pakistan continued to worsen in the 1950s, China was emerging as an important factor in India’s national security environment. This began with the Chinese takeover of Tibet in 1950. However, Nehru accepted the Chinese claim of Tibet because he strongly believed that independent India could have no hold over the territory of Tibet. Nehru understood that a militarily weak India could not protect itself from two enemies on its border, Pakistan and China. Nehru thought that the best way of managing the Pakistani threat to India’s national security in the region would be to pursue a friendly Panchsheel strategy with China. However, the positive phase in Sino-Indian relations did not continue for long. The relations began to worsen in the late fifties following the Chinese publication of maps and the Lhasa uprising leading to the Dalai Lama’s exodus to India with thousands of Tibetan refugees. What followed was a series of border challenges which eventually resulted in India’s forward policy in the early 1960s.

Though India sought the support of the Soviet Union to meet the challenge from China, the latter was unable to take a position. This
compelled India to appeal to the US and UK for military help. It was a strategic turning point that both had agreed to help India and the US even agreed to have a pact for military supplies. Though the Chinese called off the war, this left them in possession of 14,500 square miles of Indian territory in Ladakh. Following the 1962 war, India made the first real and systematic effort to reorganise the structure of the army. The war underlined the need for an institutional framework which could devote itself to long term planning, execution and monitoring of India’s defence requirements in an integrated manner.

It was during this time that debates on India’s nuclear option emerged. There was a strong and widespread thinking in India that India should retain to itself the nuclear option, and allow nothing to occur that might become a restraint upon India’s own nuclear development, including, if need be, a nuclear military potential. The position taken by Bhabha was strongly supported by Jawaharlal Nehru, although Nehru was equally clear in his mind that India must never embark upon a military nuclear programme, for if that happened, the last chance might disappear of a halt to nuclear proliferation everywhere.

India’s nuclear weapons programme did not owe its origin to the threat emanating from Pakistan but developments there naturally impacted on the direction and pace of the Indian programme. All Indian governments, since independence, have supported the nuclear effort in varying degrees. The predominant strand of opinion in the country in the 1950s and 1960s was against the weapon option. However, the 1962 Chinese aggression and China’s nuclear test in 1964 had a profound impact on the psyche of Indian opinion makers and the political hierarchy.

Even as Pakistan and China posed challenges to India’s security in varying degrees, their emerging ties began to affect India’s options and strategies. In fact, the Sino-Indian conflict accelerated the Sino-Pakistan interactions as the two governments saw commonality of their interests vis-a-vis India. The unstinted Pakistani support to the Chinese military action in the Himalayas and Karachi’s anti-Indian posture during the Sino-Indian conflict naturally brought Pakistan and China together. This became evident in their boundary agreement in 1963 which included a
part of Kashmir. India accused China of seeking to exploit the troubled situation in Kashmir and India’s differences with Pakistan for their advantage.

Following India’s military reverse in the border clashes with China in 1962, the image of India as a military power suffered a major setback. This seemed to have encouraged Pakistan to launch its operations in the Rann of Kutch in April 1965 and the ‘Operation Gibraltar’ in Kashmir August 1965. These two wars convinced India that China would continue to be major factor in the regional security architecture. China condemned outrightly the action of India stating it as an act of ‘aggression’ and proclaimed that India “was carrying out the US scheme of making Asians fight Asians, thereby disrupting the Afro-Asian unity.” India saw it as a demonstration of the “aggressive partnership” between China and Pakistan. China even sent an ultimatum to India to dismantle all the alleged posts on the Sikkim border followed by the reports of the Chinese troop mobilisation on the India-China borders. When the war broke out between India and Pakistan in 1965 and assumed serious proportions by 5 September, the US suspended the deliveries of arms supplies to both the adversaries for the duration of the conflict. Yet, the US did not want to lose its hold on Pakistan for strategic reasons.

Another significant milestone in Pakistan’s relations with China during this phase was the agreement for the construction of Karakoram Highway to link the Chinese province of Xinjiang and Pakistan-held Kashmir. The military significance of this road was, therefore, self-evident. India lodged emphatic protests with Pakistan and China over the building of this military road in Indian territory.

The most decisive phase in India’s defence policy was the challenge emerging from the crisis in East Pakistan. As the crisis continued to worsen, with the military regime in Pakistan resorting to violence, it resulted in the killing of tens of thousands of people, the fleeing of nearly 10 million people to India and another 20 million became refugees within East Bengal. The massive influx of refugees into India from East Bengal became a major threat to India’s social structure, as well as to the peace and security of the region. China looked at the crisis in East
Pakistan in a peculiar manner as it wanted to strengthen the Pakistani regime to challenge India in South Asia. Likewise the American pronounced tilt towards Pakistan was of considerable importance in the Indian defence and security strategies.

India was obviously alarmed at the attitudes and activities of the US. This fear grew further when Henry Kissinger undertook a secret mission to Beijing from Rawalpindi in July 1971 that finally convinced New Delhi of America’s deep involvement with Pakistan and of the ominous trends towards a new axis between the US, China and Pakistan. It was in this background that India decided to sign a treaty with the Soviet Union on 9 August 1971. The importance of the Indo-Soviet Treaty was that it began to function as an instrument of India’s security strategy to offset the emerging power balance in the region with Pakistan, China and the US playing a mutually reinforcing strategy against India.

During this period the trends in India’s defence expenditure showed an upward path. It was actually kept very low for long after independence. There was a strong desire to keep the defence expenditure down. However the Chinese aggression of 1962 changed all this, and there was a sharp increase in the Indian defence budget. During the 1950s India’s defence expenditure averaged less than 2 per cent of its GNP. In 1962-63, it rose to 3 per cent. The maximum figure so far was 4.5 per cent in 1963-64. Thereafter, the figure ranged between 3 and 4 per cent. Taking into account the fact that within a span of 25 years India has had to face five military conflicts and innumerable small scale border skirmishes, and also its very extensive and vulnerable land frontiers and coastline, India’s defence burden was not seen as excessive. For the first 15 years after India’s independence, defence allocations received low priority and hovered around 1.80% of Gross Domestic Product (GDP). India’s debacle in the Sino-Indian war of 1962 was widely attributed, inter alia, to the prolonged neglect of India’s defence forces. Learning from experience, defence outlays were increased significantly and vigorous efforts were made to improve the country’s defence capability.

The Soviet support to India has been quite significant in strengthening its defence infrastructure. It not only gave all sorts of arms to India but also
a defence loan in 1964 for ten years at two per cent interest. In matters of arms dealings, India was given the most favoured nation treatment. The willingness of the Soviet government, unlike the US administration, to allow India to produce under license weapons of Soviet designs, accommodated India’s desire to develop its own weapon industries. Gradually this enabled India to produce about two-thirds of its own arms domestically. It was indeed a good achievement which could accrue only through the Soviet cooperation. In the war of 1971, India could register victory against the combined opposition of Pakistan, the US and China. This India did mostly with the help of the armaments that the Soviet Union had been supplying over the last one decade. The Indo-Soviet Treaty was regarded not merely as a belated reaction to the policies of other countries, but as a consumption of India’s own policy towards the Soviet Union. The government argued that this treaty should act as a deterrent to any powers that might have aggressive designs on India’s territorial integrity and sovereignty.

At this time, the nuclear policy of India showed a new path. India demonstrated its nuclear weapons capability on 18 May 1974. The peaceful nuclear explosion (PNE) was a clear indication of a shift in India’s nuclear strategy. However, India had taken a strategic position, arguing that it was opposed to nuclear weapons and that India would use its nuclear energy and nuclear explosive devices exclusively for peaceful purposes. The most negative implication of the PNE was its impact on the ongoing negotiations with Pakistan. India and Pakistan had signed a major agreement in July 1972 at Shimla with a commitment to bilateralism. That seemed to have been upset by the PNE. However, India felt unhappy that the statements of some Pakistani leaders were not helpful. Prime Minister Bhutto, for example, said that he was interested in making the Pakistani war machine a formidable force. India viewed that the further re-arming of Pakistan would hinder the process of normalisation of relations. India also regretted that the US government had lifted the ten year old embargo on the supply of arms to Pakistan. This was further complicated by China’s massive arms aid to Pakistan and opening of the Karakoram Highway—linking Pakistan with
China. India protested against the illegal construction of the road in a territory which was an integral part of India.

The Afghan crisis caused major shifts in the regional security architecture of South Asia since the late 1970s. It all started when Moscow played a direct role in Afghan affairs which eventually resulted in sending Soviet forces to Kabul. With the entry of Soviet forces in Afghanistan, the crisis assumed alarming dimensions. Though India was initially unhappy at the Soviet intervention in Afghanistan, Indira Gandhi, when she came back to power in 1980, expressed her deep concern over the arming of Pakistan by the United States and its attempts to destabilise the region by taking the Afghan situation as a pretext to its favour. She also pointed out that the arms to Pakistan mounted an anti-India offensive and there was no point in seeking the assurance from the United States that the arms aid to Pakistan would not be used against India. Pakistan actually used the Soviet presence in Afghanistan as an excuse to build up its armed forces. India stated that the massive arming of Pakistan “as a frontline state,” as part of the so-called “strategic consensus,” could not but cause “serious concern.”

Another major security threat posed by Pakistan during 1980s and in the beginning of 1990s was its support to the terrorists in Punjab and Kashmir. India’s repeated efforts to persuade Pakistan not to provide training facilities and modern weapons to Sikh terrorists did not succeed.

Meanwhile there was a dramatic improvement in the ties between India and China since 1980s. There were official level talks and exchanges on the border question throughout the decade. The Chinese side accepted that the settlement of the boundary problem was important and that this should be done early. Several rounds of talks were held since then and though there had been a marked relaxation in tensions, stable relations were not yet developed.

A crucial theme of India’s security discourse in the 1980s was Pakistan’s reported moves to manufacture nuclear bombs. Pakistan’s nuclear policy was no doubt influenced by India’s trajectory of nuclear path. It was Bhutto who provided a rationale of Pakistan’s bomb (including the much-avowed ‘Islamic Bomb’). In April 1979, General Zia reiterated that
Pakistan would not give up its right to acquire nuclear technology irrespective of the hurdles. No one could stop Pakistan from acquiring this capability. What alarmed India was the reports about China’s continuing support to Pakistan’s nuclear weapons programme, particularly in the development of centrifuges used in enriching uranium for nuclear weapons.

The period since the late 1980s witnessed unprecedented changes and events in international relations such as the disintegration of the Soviet Union, the political transition in East Europe, the Gulf war, the integration of Europe etc. India's security and defence policies during this time were critically influenced by these developments. India tried to develop cordial relations with US, Pakistan, China and Russia, on the one hand, and tried to strengthen its military capability on the other hand. India was actually trying to grapple with the new global situation as the foreign policy establishment felt some problems in adjusting to the post-Soviet and post-cold war world. New Delhi was completely bewildered by the traumatic event which heralded the end of a strategic alliance that had long provided India with a measure of security against the combined military strength of China, Pakistan and the US. The fall of the Soviet system also signalled the end of an arms transfer relationship between New Delhi and Moscow. Thus, India found itself in the post-Soviet era in a completely altered environment where there would be no immense possibility of a country replacing the Soviet Union’s politico-diplomatic-military assistance to New Delhi.

An important feature of the post-cold war milieu for India’s defence was that it could no longer count on Moscow’s support as before. Specifically, since Soviet hardware constituted 60 to 70 per cent of India’s weaponry, the end of the socialist regime appeared to have disrupted the supply of the military's parts. In addition, the successor state to the USSR might not be willing to provide sophisticated weapons to India at “friendship prices.” India and Russia had agreed on a new treaty, which replaced the Indo-Soviet Treaty of Peace and Friendship, but the new treaty excluded Russian military or diplomatic assistance in case of an armed conflict involving India. With Moscow no longer in a position to act as the guardian of India’s interests in international
forums, and no longer able to provide soft-currency military equipment deals, New Delhi was forced to look for new and reliable economic and military partners, and the hard realities of economy and security were pushing India towards the West. Consequently, the United States, Germany, Italy, Japan, Israel, and even Taiwan came to occupy a prominent place in India’s security calculus.

While some aspects of India’s post-cold war behaviour continued to hark back to a previous era, India was not able to escape from the reality of the USSR’s demise, and it was that reality which boded well for future Indo-American military relations. The efforts initiated earlier to forge close bilateral defence relations with the US and other western powers continued systematically. A number of mutually beneficial programmes of professional interaction were carried out with the US Armed Forces. Joint Naval exercises were conducted with the Navies of US, UK, France and Australia. Such interactions served to promote understanding and mutual trust.

It was at this time that Russia decided to scrap the cryogenic rocket deal with India in July 1993, in the face of mounting US pressure, had ominous implications for India’s security. Notwithstanding this, Indo-Russian relations had substantially improved and efforts were underway to remove major irritants in bilateral relations. Over years, Soviets declared that they would not press India to sign the NPT. It also proclaimed that Russia unswervingly supported India’s stance on Kashmir and its rejection of a plebiscite on the future of Kashmir.

India’s perceptions of threat from Pakistan remained more or less the same way as before in the post-cold war period. Towards the end of 1989, Pakistan adopted a more strident anti-India posture. This was reflected in stepped-up Pakistani efforts to encourage militant movements in Jammu and Kashmir, their attempts to internationalise developments in Jammu and Kashmir and a perceptible diminution in their commitment to Shimla Agreement. Hence, the desired positive orientation to India’s relations with Pakistan received a set back as a result of Pakistan’s support of militancy in Jammu and Kashmir and in Punjab. The onset of insurgency in the Kashmir Valley during 1989-90 with Pakistan’s active support added a new dimension to India’s defence.
At one level, it forestalled the impending solution of other minor issues such as the disputes over Siachen and Sir Creek, and on the other, it led to a fierce diplomatic battle between India and Pakistan across the international fora. Following the intensified activities of militants, the government initiated a series of measures to ensure security in Kashmir. Within a year, Kashmir contained the highest per capita security force concentration in the world. During 1993-04, India-Pakistan relations showed a downward trend. Pakistan’s complicity in the bomb blasts in Bombay also resulted in an increased perception of Pakistan’s motives to interfere in India’s internal affairs and to engineer conditions of instability.

While relations with Pakistan continued to be conflictual, there was a dramatic change in India’s perceptions and policies towards China in the post-cold war period. After years of hostility, Sino-Indian relations showed a positive path since the late eighties. The meeting of Deng Xiaoping and Rajiv Gandhi in December 1988 signalled the end of the cold war between them and the beginning of the normalisation of relations. Since then, there was a remarkable warming up between the two countries and an ever-increasing interaction between the two. Positive developments notwithstanding, India continued to maintain a close watch on China’s own military modernisation programmes as well as its military relations with India’s immediate neighbours who were beneficiaries of Chinese military supplies in the form of weapons and training. In particular, India sought to remain vigilant with regard to its missile and nuclear technology exports, which was feared to vitiate the regional security scenario. In 1993 India and China signed an agreement on the maintenance of peace and tranquillity along the line of Actual Control (LAC) in the border areas. This landmark agreement laid down the framework for maintenance of peace and tranquillity along the LAC between India and China. Another significant development in India’s relations with China was the signing of the ‘Agreement on Confidence Building Measures (CBMs) in the Military Field along the Line of Actual Control in the India-China Border Areas’ in 1996 which was aimed at preserving peace and tranquillity in the border areas. Nonetheless the defence experts believed that Sino-Indian relationship was an uneasy
one. India still regarded nuclear China as a major threat to its security. It saw China’s South Asian policies as anti-Indian, divisive, opportunistic and interfering. They noted, China continued unremittingly on a course of supplying nuclear and missile equipment and technology to Pakistan, in addition to vast quantities of other weaponry.

During this time, experts forecast a growing recognition of converging geopolitical interests in Indo-US relations. The shift in strategic need coupled with Pakistan’s pursuit of a nuclear capability caused the US to distance itself from Pakistan, which created an opportunity for India and the US to improve military relations. However, India sought to ensure that the Indo-US defence cooperation is not directed at any third country. India also did not look for external assistance to handle any of its security problems. In that way, the Indo-US defence cooperation was expected to make a positive contribution to the security and stability of the region. The most remarkable accommodation in India-US relations, however, was manifested in Washington’s attitude towards Kashmir. The US made clear that the UN resolutions requiring a plebiscite in Kashmir, which it had supported in the past, were no longer tenable and that the US now favoured bilateral negotiations to solve the problem within the framework of the Shimla Agreement of 1972. Parallel to this ties was the dramatic change in India’s relations with Israel. India’s establishment of diplomatic relations with Israel, was a strategic shift in its foreign and defence policy. If Israeli defence industry sold India only a few million dollars worth of armaments in 1992, by the end of 2001, the amount increased to an astronomical $800 million per year with contracts for several billion dollars worth of goods.

The pattern of India’s defence expenditure is also to be noted. Experts say that it had declined, as a proportion of the country’s GDP, over the ten year period from 3.37% in 1988-89 to 2.28% in 1999-2000 (budgeted outlay). While it increased almost four times over this period in terms of current prices, the increase in constant prices was a less. Howsoever debatable the arguments may be, regarding the declining trends of the defence expenditure as a proportion of the country’s GDP, it was clear that in absolute terms (under current prices) the share of defence outlay had been on the increase. This can be viewed in relations to the
corresponding allocation and increases in other sectors. Government of India sought to justify the rising military expenditure in the background of the national security challenges emerging from internal, regional and international situations. The significance of the post-cold war period is also to be placed in the background.

However, the defence scenario of India began to undergo a major change with a new political dispensation coming to power in New Delhi in the late 1990s. India’s defence policy assumed a new significance during this period. It was also during this period that India’s nuclear policy underwent major changes. More significantly, the NDA government’s security perceptions and defence strategies exhibited major shifts from the traditional concepts of defence and foreign policy of India. Pokhran-II represented a watershed in India’s defence policy. The BJP-led NDA government tried to use security issues to its political advantage. The decision to break India’s traditional policy of nuclear ambiguity was projected to be one of the achievements of NDA’s rule. Defence analysts argued that the missile tests by Pakistan, the missile technology cooperation underway between China and Pakistan, and the inability of the international regimes to enforce the non-proliferation obligations on the nuclear weapon powers made it ‘inevitable’ for India to join the nuclear weapons club. Diplomats shared the view that the tests were an affirmation of India’s long sought after identity, and a global confirmation of India’s full-fledged nuclear weapon power status.

It was also argued that the BJP ‘resolved’ nearly five decades’ of nuclear debate in India in favour of an overt nuclear posture. Pokhran-II thus made an impact on the domestic politics of India, the regional equation in the subcontinent, the balance of power in Asia and the global nuclear order for a long time to come. Pakistan responded to Pokhran-II by conducting a series of nuclear tests at the Chagai Hills, and thereby exposed the clandestine programme underway in the country for long.

The nuclear tests constituted a major departure in India’s foreign policy. What, however, really marked the policy shift was India declaring itself as a state with nuclear weapons. However, it was the Congress, which had initiated India’s nuclear programme, with Jawaharlal Nehru laying the
foundation for the same. Indira Gandhi conducted the first nuclear tests, and Rajiv Gandhi initiated the missile programme, and ordered the weaponization of the nuclear programme. The Kargil Review Committee Report admitted that the nuclear programme of India was “weapon-oriented at least since 1983.” In fact, the Narasimha Rao government had come close to conducting nuclear tests in the mid–1990s, but it had to postpone it due to unexpected international media reporting. Thus, Pokhran-II was a continuation of the weapon-oriented programme over the years.

India, for the first time, issued “a doctrine of credible minimum nuclear deterrence” on 17 August 1999, under which nuclear weapons would be used for “retaliation only.” A “triad of aircraft, mobile land-based missiles and sea-based assets: would be built and deployed to carry the deterrent force that was to be “fully employable in the shortest possible time.” A “robust command and control system” and “effective intelligence and early warning capabilities,” including space-based assets, were envisioned to manage the force. The nuclear doctrine did not designate states that were deemed targets of India’s deterrent but it did say that “the system” would contain “an integrated operational plan.”

The sanctions imposed by the Western powers on India, following the Pokhran-II, did not continue for long, for obvious reasons. The United States, Britain and many other countries could not afford to alienate India given the vast opportunities opened by the economic liberalisation. Hence the United States sought to engage India with a view to forging strategic tie up in diverse fields. Thus, the Jaswant Singh-Strobe Talbot talks were an indication of this approach that sought to avoid the US commitment to non-proliferation from other issues, viz., seeking Indian nuclear restraint as a defacto nuclear weapon country in return for recognition of Indian security imperatives vis-a-vis China and Pakistan.

The Kargil war which broke out a few months after the Pokhran-II further brought to light the continuing challenges from Pakistan. Its intrusion across the Line of Control (LoC) in Kargil dominated India’s security scenario during 1999-2000. Taking advantage of the terrain in the Kargil, Pakistan committed armed aggression which led to the occupation of
The successful eviction of Pakistan’s Armed Forces by the concerted action of the Indian Armed Forces demonstrated that India had the capability to fight and win a war, if thrust upon it. In the event, Pakistan’s offensive in Kargil did not yield the results its strategic establishment had anticipated. For India, the biggest pay-off from Kargil was that the international community did not appreciate any military attempt to change the territorial status quo in Jammu and Kashmir. During this time India again complained that Pakistan had actively encouraged terrorism in the region. Pakistan was noticeably emerging as “an epicentre of Islamic fundamentalism” inducting Islamic Mujahideen into Afghanistan in the north and into Kashmir in the east. This had drawn India into “a protracted low-intensity conflict” in Kashmir.

The 9/11 terrorist attacks dramatically changed international perceptions of terrorism. Pakistan was made to join the international campaign against terrorism in Afghanistan. But its policy of sponsoring terrorism in India remained unchanged. Pakistan sought to justify its decision to join the international coalition against terrorism in Afghanistan on the ground that this was the only way Pakistan would be able to protect its so called “Kashmir cause.” Pakistan’s military seemed to have a vested interest in tensions with India as it would strengthen its pre-eminence in Pakistan’s power structure.

Since 9/11, Indo-US relations have been on a major upswing. The US recognized India as a ‘national ally’ for several reasons. Though the BJP-led government tried to capitalise the global as well as the regional situation to its advantage, it could not come back to power in the next election. The United Progressive Alliance (UPA) government led by Manmohan Singh, which came to power in May 2004, accorded high priority to strengthen India’s relations with its neighbours – Pakistan and China - and with the US and other major powers. The period also saw the commencement of a serious, sustained and comprehensive dialogue with Pakistan. India-US relations continued to witness intensive engagement towards a qualitative transformation in the year 2004-05. Both Governments reiterated their resolve to continue the process of developing a strategic partnership between India and the US.
The special relationship between New Delhi and Washington was elevated to an even higher level by the Indian government at that stage. It became evident with the signing of the ten-year defence agreement on 28 June 2005. According to this, both countries would work to conclude defence transactions, not solely as ends in and of themselves, but as a means to strengthen security, reinforce strategic partnership, achieve greater interaction between the armed forces, and build greater understanding between the defence establishments. The key idea here is that each defence transaction is to be looked at not only from the angle of its intrinsic worth, but also from the angle of its contribution to strengthening the strategic partnership between the two countries. The US wanted military sales to promote inter-operability and garner commercial benefits. US firms were very keen to gain as big a share of India’s defence market as possible.

During Prime Minister Manmohan Singh’s visit to the United States in July 2005 the two countries worked out plans to develop a civilian nuclear energy partnership deal. Expressing appreciation over India’s strong commitment to preventing WMD proliferation, the US offered to have an agreement to meet the basic objectives of safeguarding autonomy of India’s strategic nuclear programme. The Indo-US civil nuclear Agreement signed in October 2008 is thus seen as a “symbol of the transformed nature of the bilateral dialogue” which had added “strategic content to the relationship” between the two countries. India was happy that the US supported in getting the Nuclear Suppliers Group (NSG) to make exemptions in its guidelines for India. India also successfully concluded an India-specific Safeguards Agreement with the International Atomic Energy Agency (IAEA) on 1 August 2008 which paved the way for the US to approach the 45-nation Nuclear Supplier Group (NSG) for an adjustment of the NSG guidelines to enable its members to enter into civil nuclear cooperation and trade with India. The NSG agreed by consensus to such an adjustment which ended 34 years of international technology denial and isolation imposed by the Group on India. With this step completed, India was entitled to benefit from the deal. Though years have passed since the signing of the agreement, the implementation of the deal has been embroiled in issues of liability and
responsibility in case of an outbreak of accident in a nuclear plant set up with the help of foreign suppliers. Meanwhile the civil nuclear agreement kept open India’s negotiations with other countries insofar as the hitherto obstacles for that under the NPT regime have been removed.

Perceptibly, since the 1980s, India became one of the largest military industrial countries in the developing world. The Indian Navy acquired the capability to project power from the Persian Gulf to the straits of Malacca. India’s army and air force have become the largest and best trained in the region. Similarly, India's nuclear weapons and ballistic missile programmes were already in an advanced stage of research and development, as well as deployment.

After the Pokhran-II and Kargil war, military expenditure increased both in India and Pakistan. Missile development programme, indigenisation programme, and arms import caused this increase in the defence budget. India also developed a series of missiles after Pokhran-II and the Kargil war. The defence establishment in India maintained a policy that India should produce 70% of its required military equipment domestically, rather than the 30% produced currently. Yet, India's foreign arms procurements have continued unabated, especially in the aerospace market. India’s former Minister of Defence, A.K. Antony, admitted that though self-reliance was India’s motto, but it was “still a distant dream.”

In January 2011, the Ministry of Defence took an important step by bringing out its first-ever Defence Production Policy. It was significant in that it effectively articulated the Ministry’s agenda for supporting a domestic defence-industrial base.

The 2015-16 Union Budget set the defence allocation at 2,46,727 crores. During 2014-15, the Central Government raised the foreign investment limit in the domestic defence industry from 26 per cent to 49 per cent, to boost modernization. The new NDA government’s budgetary (2014-15) allocation for the armed services was just a continuation of the interim budget allocation tabled in February 2014 by the previous UPA government. The defence budget accounted for 1.78% of Gross Domestic Product (GDP) and 12.76% of total central government expenditure.
However, experts point out that there are some discrepancies and distortions in official figures which deserve close scrutiny. More often than not the budgetary figures are presented in such a way that certain important items are excluded from the purview of the defence outlay. That means the actual amount earmarked for defence will be considerably larger than the stated figures. The defence budget excludes expenditure on pensions (which runs into hundreds of crores), defence related expenditure on border roads, expenditure on paramilitary forces, nuclear research, missile development and space technology. Every year, the government spends thousands crores for nuclear research alone. This is an extremely sensitive sector in view of the defence related activities of the nuclear establishment in India. Likewise, the government spends another hundreds of crores for space research which includes research and development in missile technology. All this leads to the conclusion that the total defence outlay may exceed the projected figures quite substantially.

Thus, the study has shown that India’s defence policy has undergone significant changes subject to the pulls and pressures of domestic, regional and international settings. No single level defence analysis is therefore adequate given the inter-locking concerns of security emerging from the complex situations at home, in the region and across the world. However, the ultimate success of a country’s defence policy depends on the extent to which it can offer diplomacy as an inevitable instrument of inter-state relations without ignoring the geopolitical imperatives.