The world’s most populous democracy, India’s rapid economic and demographic growth has turned the country into an emerging global power. However, internal constraints such as poverty, unemployment and illiteracy represent significant barriers to development. Many of these factors have been exacerbated by the COVID-19 pandemic which sparked a deep recession and bought the country’s weak healthcare system to its knees. On the political front, democratic backsliding under Prime Minister Narendra Modi has gathered pace since 2014, under the impetus of a Hindu-national agenda. Democratic institutions have been undermined, voter suppression has increased and Modi’s party, the Bharatiya Janata Party (BJP), has consistently challenged the secular constitutional order of the Indian Republic.

The BJP’s anti-Islam stance has arguably fuelled Islamophobia, and ethnic tensions have led to increased inter-communal violence. In parallel, India’s broader national and regional security environment is fragile. The protracted conflict in the Kashmir and the Maoist insurgency in India’s tribal areas are enduring security challenges. Tensions with China are also significant and could define Indian foreign policy for years to come, after tense border clashes in 2020 escalated fears of conflict. In light of this, the government is seeking to reform an ageing defence architecture in order to better confront modern challenges, while defence spending has been increasing at an average annual rate of 9% since 2010. However, persistent governance gaps in India’s defence architecture heighten the risk of corruption. External oversight, though formally strong, is limited in defence. Financial transparency is poor and complete information on acquisitions in particular is difficult to access. Operations are extremely vulnerable to corruption risk and whistleblowing mechanisms are extremely weak.

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3 Azemir Ibrahim, ‘Modi’s Slide Toward Authoritarian’, Foreign Policy, 13 July 2020.
4 Ibrahim, ‘Modi’s Slide’.
7 Sumit Ganguly, ‘India Embattled’, Foreign Policy, 16 April 2021.
Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

Risk Comparison
Civilian control and oversight of the armed forces is robust in India and the military has never exceeded its competencies. Parliamentary authority over defence matters is a key element of this, with the legislature equipped with strong formal powers of control. Oversight is exercised by the Standing Committee on Defence (SCoD), which scrutinises defence policy, legislation and annual reports from the MoD. The SCoD makes observations and recommendations on these issues, which are presented to the plenary in both the lower house (Lok Sabha) and upper house (Rajya Sabha) of parliament. The MoD is required to respond to recommendations formulated by the SCoD within three months of receiving its report. Defence expenditure is scrutinised by the Public Accounts Committee (PAC), which submits reports to the plenary and has mechanisms to follow-up on recommendations issued to the MoD. Annual reports underscore consistent levels of committee activity throughout the budget year, and the SCoD has been active in criticising funding shortfalls and initiating investigations into the military's operations, while it has proved relatively effective at having recommendations implemented by the MoD. Nevertheless, the committee’s work is limited in other aspects. Defence expertise is limited amongst SCoD members and the recommendations it formulates are not binding, making them difficult to enforce. Equally, in recent years, the BJP has sought to bypass standing committees during the legislative process and to fast-track proposals through the lower house, which is controls. As a result, committees’ involvement in decision-making and legislating has been severely undermined and the extent of debate on such proposals has been limited. In parallel, defence expenditure is externally audited by the Comptroller and Auditor General of Accounts (CAG), which provides a further layer of oversight. The CAG is formally independent and publishes reports online. However, it should be noted that there have been no defence-specific CAG reports since 2018 and former CAG officials have noted the reluctance of the MoD to implement key reforms, leading to CAG findings being similar year on year.

### Parliamentary Oversight

<table>
<thead>
<tr>
<th>Legislative oversight of budget (Open Budget Survey, 2019)</th>
<th>59/100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military expenditure as share of government spending (SIPRI, 2020)</td>
<td>9.1%</td>
</tr>
<tr>
<td>Committee members with defence expertise (%)</td>
<td>5% (1 of 20)</td>
</tr>
<tr>
<td># of meetings/year</td>
<td>12 (2019-20), 10 (2020-21)</td>
</tr>
<tr>
<td>Last review of defence policy/strategy</td>
<td>2017 (Joint Doctrine of the Indian Armed Forces)</td>
</tr>
</tbody>
</table>

While fiscal transparency has been strengthened since the introduction of the Fiscal Responsibility and Budget Management (FRBM) Act, defence remains an area where further progress is needed to strengthen access to information and financial transparency standards. With regard to the budget for instance, there exists no standalone comprehensive defence budget document in the public domain. Instead, information relating to revenue, outlays and pensions can only be found in disparate documents produced by the Ministry of Finance. This restricts clarity over actual allocations of government appropriations and means that the data that is published does not facilitate in-depth analysis. Similarly, there are no publicly available financial statements detailing non-central government sources of defence income, making it difficult to assess how such revenues are allocated. Data on actual spending throughout the budget year is similarly opaque.

### Financial Transparency

<table>
<thead>
<tr>
<th>Defence-related access to information response rates</th>
<th>(1) % granted full or partial access: 94.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence-related complaints to ombudsman/commissioner #</td>
<td>1,286</td>
</tr>
<tr>
<td>Does the commissioner have authority over the MoD?</td>
<td>Yes</td>
</tr>
<tr>
<td>Audit reports on defence (2018-2020) #</td>
<td>None</td>
</tr>
<tr>
<td>Open Budget Index (IBP, 2019)</td>
<td>49/100</td>
</tr>
<tr>
<td>World Press Freedom Index (RSF, 2021)</td>
<td>142nd out of 180</td>
</tr>
</tbody>
</table>

While fiscal transparency has been strengthened since the introduction of the Fiscal Responsibility and Budget Management (FRBM) Act, defence remains an area where further progress is needed to strengthen access to information and financial transparency standards. With regard to the budget for instance, there exists no standalone comprehensive defence budget document in the public domain. Instead, information relating to revenue, outlays and pensions can only be found in disparate documents produced by the Ministry of Finance. This restricts clarity over actual allocations of government appropriations and means that the data that is published does not facilitate in-depth analysis. Similarly, there are no publicly available financial statements detailing non-central government sources of defence income, making it difficult to assess how such revenues are allocated. Data on actual spending throughout the budget year is similarly opaque. While the MoD releases some information on actual spend against budget estimates, no explanations are provided for variations and the information is highly aggregated. Nevertheless, India has a relatively robust access to information framework under the Right to Information Act (RTI) 2005. The legislation allows for public access to government information, including related to defence when divulging such data does not breach clear classification regulations. According to the 2019-20 report from the Central Information Commission (CIC), the MoD has one of the highest rates of responses to information requests, rejecting just 5.5% of total requests. However, the speed of replies remains slow, appeals are frequent and the CIC is understaffed to deal with the volume of requests.

11 Lok Sabha, ‘Standing Committee on Defence’.
12 Lok Sabha, Public Accounts Committee.
17 Comptroller Auditor General, ‘Our Mandate’.
18 CAG, ‘Audit Reports’.
22 Ministry of Defence, ‘Department of Defence Budgets and Accounts’.
24 Ministry of Defence, Right to Information.
Personnel Ethics Framework

<table>
<thead>
<tr>
<th>Whistleblowing legislation</th>
<th>Whistleblowers Protection Act (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td># defence-sector whistleblower cases</td>
<td>Data is not publicly available.</td>
</tr>
<tr>
<td># Code of conduct violations</td>
<td>Military: 24 (no distinction between civilian and military personnel)</td>
</tr>
<tr>
<td>Financial disclosure system</td>
<td># submitted: Data is not publicly available.</td>
</tr>
<tr>
<td># of violations</td>
<td># of violations: Data is not publicly available.</td>
</tr>
</tbody>
</table>

India is the second largest troop contributor to UN peace operations with 5,213 troops deployed on such operations as of October 2021. However, despite such a large operational footprint, India’s safeguards to corruption on operations are extremely poor, potentially heightening multilateral missions’ vulnerability to corruption. Fundamentally, the Indian Armed Forces do not have a doctrine that addresses corruption as a strategic issue for military operations. This includes the 2017 Joint Doctrine and the 2018 Land Warfare Doctrine. A knock-on effect of this omission at the strategic level is that corruption issues are also not included in the forward planning for operations. In fact, there is no evidence of any corruption-risk mitigation measures being deployed for operations aside from general behavioural standards covered in codes of conduct. As a result, personnel are ill-equipped to identify and mitigate corruption risk in the field, increasing the likelihood of such issues undermining mission objectives. There is also little evidence that specific pre-deployment training is delivered to commanders on corruption issues, with anti-corruption training generally solely delivered as part of annual curricula, without specific pre-deployment programmes. It is also unclear to what extent trained professionals are deployed for corruption monitoring purposes, although it should be noted that as of March 2019, vigilance units within the military will be responsible for monitoring corruption cases handled by field commanders.

34 PTI, ‘His body has marks of beating, blood clots, says kin of Army jawan found hanging’, India Today, 4 March 2017.
India’s military expenditure increased by 2.1% in 2020 and it is currently the world’s third largest military spender. With spending largely driven by fears over China’s increasingly belligerent stance, defence procurement currently represents a significant share of total defence spending. Yet, failings in India’s defence procurement mechanisms heighten corruption vulnerabilities throughout the cycle and threaten the effectiveness of this spending. Defence procurement is regulated by various policies and procedures, chief among them being the Defence Procurement Procedure (DPP-2016) and the General Financial Rules (GFR-2017), which provide the framework for selecting and acquiring defence goods. The DPP is detailed and provides a strong framework for the entire defence procurement cycle, although there are questions over the extent to which its regulations are consistently implemented, owing to repeated issues with various procurement projects.

In practice, the Defence Acquisition Council (DAC) is entrusted with coordinating the long, medium and short term acquisition plans. However, the absence of a clear national security or defence strategy means that it is sometimes unclear where requirements are derived from, opening the door for external influences to impact on the needs assessment and tendering processes. Equally, limited transparency throughout the process, especially for hardware and more sensitive goods increases corruption risk. For instance, information on beneficial owners of winning bidders, whole of lifecycle costs and costs of servicing are not made publicly available for actual purchases. Moreover, the Indian government is currently espousing a “Make in India” policy, which entails a preference for domestic manufacturing and instructs defence contracting bodies to source domestically where possible, with as much as 63% of capital expenditure earmarked for the Indian market. While this policy is intended to build the capacity of the national defence industry, it has also restricted competition, undermined open tendering and been at the centre of the corruption scandal involving India’s $9.4 billion deal for the acquisition of Rafale fighter jets. There are also questions surrounding the effectiveness of procurement oversight bodies, such as the CAG. There is no evidence it has ever cancelled procurement contracts due to irregularities and its recent audit reports have not touched on defence issues.

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43 Hindustan Times, ‘India Clears Defence Buys Worth 54,000cr in less than a month’, 4 October 2021.
**OVERALL COUNTRY SCORE**

**HIGH RISK**

**Grade**

D

**Score**

50

**RISK GRADE**

- **A** 83-100 VERY LOW
- **B** 67-82 LOW
- **C** 50-66 MODERATE
- **D** 33-49 HIGH
- **E** 17-32 VERY HIGH
- **F** 0-16 CRITICAL

### Financial Risk

**Grade**

D

**Score**

40

### Personnel Risk

**Grade**

B

**Score**

73

### Operational Risk

**Grade**

E

**Score**

20

### Procurement Risk

**Grade**

C

**Score**

62

KEY

- **NEI** Not enough information to score indicator
- **NS** Indicator is not scored for any country
- **NA** Not applicable
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