

When India's rising ethnic tensions and continuing regional disparities are taken into consideration -- stresses that have required large military responses within India in recent years -- then clearly the drain on the defence budget may limit further growth in naval power projection capability. Any broadening of traditional threat perceptions, as illustrated by the current Kashmir crisis, would impose further financial strains when the country's total foreign debt is growing.⁵⁸ The defence budget has risen steadily for a decade, including a 31% leap in 1986-87. In the March 1989 budget it fell by 1.5%, or 8 to 9% after inflation, and reductions in spending were allotted to the army (5%), navy (2.2%) and ordnance factories (259%).⁵⁹ This was only a temporary interruption to established patterns of defence spending. In the 1990-91 budget, defence allocations increased by Rs. 12.50 billion over the Rs. 14.50 billion provided for in the revised defence spending for 1989-90. According to Finance Minister Madhu Dandavate, the increase in defence spending "is not of our choice. It is the direct result of the situation on our borders."⁶⁰

India is clearly emerging as a naval power too big to ignore, but its complete dependence on the Soviet Union for nuclear-powered submarine procurements raises questions about the level of autonomy it will enjoy if it wishes to become a superpower in the Indian Ocean region. Nevertheless, India's self-image as the dominant regional power requires that it maintain a "credible" defence posture against its enemies. The prestige-driven interpretation of India's naval policy seems to be more plausible than the security-oriented posture argued by some Indian officials. The obvious point of reference is that there is no identifiable threat to India's security which requires the kind of build-up underway. Most importantly, there is a noticeable lack of policy driving the acquisition of submarines and aircraft carriers.

⁵⁸ India has decided to borrow in the commercial markets to adjust its balance of payments. Its US\$49 billion total foreign debt, up from \$32 billion in 1984, looks set to reach US\$68 billion by 1995. *South*, February 1989, p. 29.

⁵⁹ *Indian Express*, March 1, 1989.

⁶⁰ The increase "will meet essential requirements and commitments of the defense services." *India Abroad* March 23, 1990. *India Today* reports that the increase represents *only* 8.6% over the revised estimate for 1989-90. (emphasis added) *India Today*, April 15, 1990.