

Draft Defence Production Policy, 2018

Why in news?

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Ministry of Defence has released a new Draft Defence Production Policy (DProP), 2018.

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What are the aims of DProP, 2018?

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- The DProP 2018 has embarked on an ambitious journey to mark India's position among the top defence production countries in the world.

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- The DProP 2018 is focused on self-reliance.

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- It seeks to change India's position from being the largest importer of arms in the world.

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What is the plan under DProP?

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- **Indigenous Defence production** - The policy targets 2025 for becoming self-reliant in 13 weapons platforms.

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- It includes fighter aircraft, warships, tanks, missiles and artillery, which constitute the bulk of India's imports.

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- **PPP Model** -The policy attempts for increased productivity and innovation.

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- It thus calls for increased participation of MSMEs, start-ups and other

players from the private sector in the defence industry.

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- **Liberal Policies** -The policy would liberalise licences that will be provided to defence industries.

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- Also, the requirements for renewal of licences will be pruned.

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- The companies with a good track record will be given favourable consideration.

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- The policy also liberalises the FDI regime in the defence sector.

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- **Skill Development** - It aims at advancing and boosting the existing public sector defence production units.

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- This is particularly aimed to be achieved through skill development and overall program management.

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- **Overseas Production** - The recent policy aims at fusing together technologies from Ordnance Factory Board, Defence Public Sector Undertaking and private players.

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- For this, the policy plans on setting up Defence Export Organisation in partnership with the industry.

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- This will facilitate for overseas marketing of domestically produced goods.

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What are the expected outcomes of the policy?

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- If properly implemented the policy will reduce the **import** bill.

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- It could increase the **export** earnings up to Rs 1,70,000 crore by creating **employment** for more than 3 million people.

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- This will make India a top destination for Research & Development (**R&D**) in the world.

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- It can promote India as a hub for defence related **Intellectual Property** (IP).

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- The broad policy will accelerate **domestic defence production** and thereby makes it feasible to have a market of our own.
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- Indigenous defence production will attract more **investors** which eventually will lead to massive **market** creation.
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What are the challenges ahead?

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- Realising the aims demands difficult changes.
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- E.g. the military will have to abandon its insistence on imported, state-of-the-art weaponry.
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- Several categories listed for complete indigenisation are already available.
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- However the military has traditionally insisted on inducting into service only cutting-edge, fully proven weaponry.
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- There is a need for an overarching infrastructural, fiscal and legal environment, and essential testing and validating facilities that individual firms cannot cost-effectively create.
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- The policy involves multiple ministries which could delay the establishment of defence production ecosystem within an optimistic time frame.
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Source: Financial Express, Business Standard

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