Negative List of Defence Imports

Why in news?

Defence Minister has announced a list of 101 items that the Defence Ministry will stop importing.

What is the decision?

- The negative list means that the Armed Forces will only procure all of these 101 items from domestic manufacturers.
- [Armed Forces - Army, Navy and Air Force.]
- The manufacturers could be private sector players or defence Public Sector Undertakings (DPSUs).
- The manufacturers can develop these items by using their own design and development capabilities.
- Or they can also adopt the technologies that can be designed by the Defence Research and Development Organisation (DRDO).

Why this decision was taken?

- As per Stockholm International Peace Research Institute, India has been the second largest importer between 2014 and 2019.
- The government wants to reduce the dependence on imported items in defence.
- By denying the possibility of importing the items on the list, the domestic industry is given an opportunity to manufacture for the needs of the forces.
- Announcing the policy, the Defence Ministry is now ready for a big push to Atmanirbhar Bharat initiative.
- The Ministry will introduce import embargo on 101 items beyond given timeline to boost indigenisation of defence production.
- The government has been hoping that the defence manufacturing sector can play a leading role in boosting the economy.

What does the list include?

- The negative list includes a range of items from simpler items to advanced technologies.

- The items include water jet fast attack craft to survey vessels, pollution control vessels, light transport aircraft, GSAT-6 terminals, radars, unmanned aerial vehicles, etc.,
- It also includes simpler items like certain rifles, artillery guns, bullet proof jackets, missile destroyers, etc.

- Almost 260 schemes of such items were contracted by the Armed Forces at Rs 3.5 lakh crore between April 2015 and August 2020.
- The government expects that contracts worth Rs 4 lakh crore will be placed upon the domestic industry within the next 6 to 7 years.

Were the Armed Forces consulted?

- The government announced the list after due consideration by all stakeholders involved.
- This includes the three services who use the equipment, weapons and platforms that will be embargoed.

- The Ministry also consulted the public sector and private players.
- They were consulted to assess the capabilities of the Indian industry for manufacturing various ammunition & equipment within India.

- The items mentioned on the list worth almost Rs 1,30,000 crore each are anticipated for the Army and the Air Force.
- The items worth almost Rs 1,40,000 crore are anticipated for the Navy over the same period.

Will it come into effect immediately?

- Not immediately, but it will be starting this year.
- However, not all the 101 items mentioned in the list will be embargoed starting this year.
- The embargo on imports is planned to be progressively implemented between 2020 to 2024.
- The government wants to apprise the Indian defence industry about the anticipated requirements of the Armed Forces.
- So that they are better prepared to realise the goal of indigenisation.
- The list may grow as more such equipment for import embargo would be identified by the Department of Military Affairs after consulting all stakeholders.
- A due note of this will be made in the Defence Acquisition Procedure to ensure that no item in the list is processed for import in the future.
- One item in the list, Long Range – Land Attack Cruise Missile will not be allowed to be imported after December 2025.

Is this a new policy?

- It was announced in May 2020.
- Defence Minister has taken cue from Prime Minister Narendra Modi's 'Atamnirbhar Bharat' announcement.
- The Defence Ministry has bifurcated the capital procurement budget for 2020-21 between domestic and foreign capital procurement routes.
- A separate budget head has been created with an outlay of nearly Rs 52,000 crore for domestic capital procurement in the current financial year.

What are the future plans of the Ministry?

- The Defence Ministry wants to raise the Foreign Direct Investment in defence manufacturing from 49% to 74% under the automatic route.
- It also wants to improve the autonomy and accountability of the Ordnance Factory Board by their corporatisation.
- It also wants to build a time-bound defence procurement process and faster decision-making.

Source: Indian Express

SHANKAR IAS PARLIAMENT
Information is Empowering