Promoting Domestic Defence Production

What is the issue?

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- A defence-expo has been planned at Chennai to demonstrate Indian defence systems and components to the world.
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- But for the domestic defence industry to prosper, the Indian government must step-up procurement of indigenously made ammunitions.
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How does India’s procurement landscape look?

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- The four-day Def-Expo India in Chennai expects to ambitiously position India as an emerging defence manufacturing hub in the world.
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- It seeks to brand India as an exporter of defence systems and components and showcase strengths of the country’s public sector.
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- Such objectives appear a bit cheeky as India is the world’s top importer of arms and does not figure among the top 25 exporters of arms.
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- Yet, indigenisation of defence procurement is critical not just for strategic reasons but also for the success of the ‘Make in India’ mission.
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- India accounted for 12% of total global arms imports in the past 4 years
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- Of the total Indian imports, Russia accounted for a whopping 62%, followed by the US (15%), Israel (11%) and France.
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- The sheer size of the Indian defence procurements makes India a major market for major defence firms across the world.
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How does our domestic defence industry fare?

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- India spends a third of its defence budget on capital acquisitions and about 60% of the defence related requirement is met through imports.
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- Thus, the opportunity to increase domestic procurement is large, which needs to be capitalised by the domestic PSUs like HAL and the private players.
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- Notably, companies like Hindustan Aeronautics Ltd (HAL) have demonstrated technological mettle in producing high quality equipments like Tejas aircraft.
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- PSU shipyards like “Mazagaon Dock Shipbuilders” among others have demonstrated their ability to design and build naval vessel and submarines.
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- India is in fact one of the few nations with capabilities to design and build massive warships and high-tech submarines.
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- The country also has the capacity to build tanks, guns, rockets and missiles – thereby covering most of the equipments needed.
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What is the way ahead?

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- In contrast to India’s rising imports of arms and equipment, China had reported a 19% drop in overseas purchases between in recent years.
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- It has emerged the 5th largest exporter of arms, accounting for 4.6% of the global arms export market.
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- For Indian to emulate China’s success in defence manufacturing, the government needs to demonstrate willingness to procure domestically.
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- Hence, the Union government needs to be ready to place large orders with the indigenous manufacturers both in the public sector and private.
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- Strengthening partnerships with international players for technology transfers is indeed a positive for enhancing domestic product competence.

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Source: Business Line

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