

Self Reliance in Defence Production

What is the issue?

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• The Defence Production Policy (DProP) 2018 has set ambitious goals for 2025.

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• There is a need for some fine tunings in defence industry to achieve the goal of self reliance.

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What does the policy provide for?

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- It includes provisions for boosting production, exports, and investment.
- It would, thereby, create two-three million jobs domestically.
- It also aims to achieve global leadership in artificial intelligence and cyberspace technology.

- To drive this policy, the government has identified 13 product categories.
- It has permitted 74% FDI in "niche" technologies.
- It plans to develop two defence production corridors.
- It also plans to constitute private sector units and to establish defence innovation hubs.

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 \bullet Given all these, there are some misconceptions as to the strategies adopted for self-reliance in defence manufacturing. \n

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• There is a mistaken belief that production companies decide on transfer of technology.

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• But it is the governments, not manufacturers that decide technology transfer.

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• It is based on political and military considerations, geopolitical factors and long term business commitments.

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• It is also believed that foreign manufacturers would be attracted by the mega Indian market for their products.

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• However, certain cutting-edge technologies are closely guarded.

 \bullet Foreign companies will not part with them under any circumstances. $\ensuremath{^{\backslash n}}$

• Also, no government can assure the foreign companies that orders will continue to be placed for all time to come.

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 \bullet Clearly, the FDI route is no salvation for self-reliance in defence production. $\ensuremath{^{\backslash n}}$

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What is the challenge?

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- \bullet Military needs reliable combat/combat support systems to counter threats. $\ensuremath{\backslash} n$
- Technology of the equipment should match, or preferably be better than, the technology of the adversaries.

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- The military expects product support, trainers and simulators.
- It also requires mid-life upgrades during the equipment life cycle which typically will be about 20 years.
- Importantly, research, design and development and manufacture are closely coupled.
- However, in reality, domestic industry lacks the capability, domain knowledge, skill, expertise and experience or capacity.

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• It includes adequate trained manpower, specialised test facilities, test ranges, etc.

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What could be done?

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- \mathbf{DRDO} Industry could be the lead agency for development of new products.
- However, it may sub-contract development of certain sub-systems to a DRDO laboratory.

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• The industry's managerial expertise and DRDO's technical expertise could be coupled for optimum results.

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• **Funding** - Presently, the MoD funds the DRDO for development of new products.

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• It results in minimal interaction between the armed forces and the developer.

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• Instead, the armed forces should fund these developments from their own budgets.

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• This would be an essential structural change which would give them a sense of "ownership".

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• It will give the armed forces an incentive to

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 $\ensuremath{\mathrm{i.}}$ monitor the progress at regular intervals

ii. participate in inevitable trade-offs between conflictual requirements

iii. make-buy decisions

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 ${\it iv.}$ trials at sub-system stage

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v. authorise release of funds based on accomplishment of milestones, etc \n

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- \bullet It would also minimise time and cost overruns and shortfall in specifications. $\mbox{\sc h}$
- The armed forces would need to develop project monitoring skills.
- **Manufacturing ecosystem** The manufacturing industry is organised into a three/four tiered structure.

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- Tier one companies are "integrators".
- \bullet The whole chain forms an "ecosystem" which the DProP 2018 recognises. $\ensuremath{\backslash n}$
- However, it is industry which can create and nurture such ecosystems, not the government.

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- To assure long term loyalty and commitment, tier one companies have to necessarily support MSMEs initially.
- \bullet The defence production sector would need about 20 tier one companies and several lower tier companies. $\ensuremath{\backslash n}$
- \bullet All these in conjunction can make the DProP 2018 a successful one towards self reliance in defence production. $\mbox{\sc h}$

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Source: BusinessLine

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