Strategic Partnership Model

Why in news?

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Defence Minister held consultations with representatives of Chambers of Commerce and Industry (CII) on the proposed Strategic Partnership (SP) model.

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What is strategic partnership?

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- One company would be selected for each area based on its competence.
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- That company would then tie up with the foreign Original Equipment Manufacturer selected through the procurement process, to build the platform in India with significant technology transfer.
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What is the need?

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- Despite having a large defence manufacturing base and 52 Defence Research and Development laboratories, **India's Self Reliance Index** (SRI), i.e. percentage of imports in value to total defence acquisition, **remains at a 0.3 since 1992.**
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- A Self Reliance Index Committee under Dr. APJ Abdul Kalam had identified **the need to improve the SRI to 0.7.**
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What are the advantages?

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- The government intends to boost private sector participation.
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- It intends to **create domestic expertise in four key areas,** namely, fighter aircraft, helicopters, submarines, and armoured vehicles and main battle tanks.
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- It is intended to enhance competition, increase efficiencies and facilitate faster and more significant absorption of technology.
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- It is also aimed at **creating a tiered industrial ecosystem,** trigger innovation and enable participation in global value chains as well as promote exports.
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What are the apprehensions?

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- The Armed Forces feel that the SP model will block new technology and new players coming to the defence sector.
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- The existing defence players argue for committed orders for the next 30 years to give them the economies of scale as defence involves large investments.
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Source: The Hindu

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