

SELF-RELIANCE IN DEFENCE SECTOR

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In the defence sector, India has long sought self-reliance, but efforts have yielded few results. India built up its domestic defence production capacity with assistance from countries like the Soviet Union and the United Kingdom in the 1960s and 1970s, mostly through assembly under licence.

While India imported platforms and equipment, it did embark on indigenously developing key equipment like missile systems. The Defence Research and Development Organisation (DRDO) in 1982-83 started the development of indigenous missile systems under the leadership of Dr APJ Abdul Kalam. These included the short-range surface-to-air missiles like the 'Prithvi', 'Akash' and the anti-tank guided missiles like 'Nag'.¹ The Prithvi missile system was inducted in 1994 while the Akash missile system was inducted in 2014 in the Indian Air Force and in the Indian Army the following year.² The user trial of the third-generation Nag was carried out in October 2020 and the system is in the final stages of induction.

Apart from making efforts to develop indigenous missile systems, India also entered into an agreement with Russia in 1998 to develop a supersonic cruise missile system, the 'Brahmos'. This is the fastest supersonic cruise missile in the world, which can be launched from submarines, ships, or aircraft. Brahmos was successfully inducted in 2006.

In the light of the economy hit by the pandemic, Prime Minister Narendra Modi on 12 May 2020, launched the *Aatmanirbhar Bharat Abhiyaan*. The phrase can be translated as self-reliance and self-sufficiency, and it highlights the importance of reducing external dependence in the economic sector. The term 'Vocal for Local' was also introduced to encourage the purchase of indigenous products so that the local industry can flourish. The *Aatmanirbhar Bharat* as an umbrella concept aims to achieve a technology-driven economy, build cutting-edge infrastructure and utilise the strength of the country's demographic profile to generate economic growth.

The defence sector was recognised as an important area in which there is a lot of scope for being *Aatmanirbhar* or self-reliant. The defence sector is one of the strategic sectors of the Indian economy that has the potential for tremendous growth because of the large talented pool of skill sets in terms of human resources and large-scale modernisation requirements of the armed forces. The sector will help in strengthening the economy by creating employment opportunities and reducing the import burden.

India's arms import during 2015-19, for instance, accounted for nearly 10 per cent of the world's total. India's arms import though decreased by 33 per cent between 2011–15 and 2016–20.³ Self-reliance in defence and security needs is critical to reducing India's dependence on other countries for urgent procurement in times of exigency.

Recent border tensions with China highlighted the reality of procurement done on short notice, to enhance combative effectiveness. During the stand-off, reports flagged that the Indian Army lacked terrain-specific weapons like combat vehicles, among others. To overcome these gaps in weaponry pertaining to high-altitude warfare, the Indian armed forces were provided with emergency financial powers for capital and revenue procurements.⁴ Such procurement, though, will be invariably expensive.

Even as this dependence on importing defence products needs to be reduced, indigenous defence procurement needs to be encouraged. It is noteworthy that under the provisions of the emergency procurement, the Indian Army also placed orders for indigenous products like the M4 armoured vehicles from the Pune-based defence company, Bharat Forge of the Kalyani Group.⁵

The Ministry of Defence (MoD) has taken other important steps to boost the 'Make in India' policy in defence manufacturing. The limits on foreign direct investment (FDI) in the defence sector have been raised to 74 per cent, from the earlier limits of 49 per cent (in May 2020). Out of the total capital acquisition budget for the year 2021-22, over 60 per cent has been earmarked for domestic capital procurement. Defence capital outlay has been increased by 18.75 per cent in the budget of 2021-22. The Defence Procurement Procedure (DPP) 2016 has been revised as the Defence Acquisition Procedure (DAP) 2020, with stress on achieving self-reliance in the defence sector.⁶

To enable the domestic industry to manufacture high-technology weapons and equipment, the government is aggressively promoting the role of the private sector in defence acquisition.⁷ The Innovations for Defence Excellence (iDEX) awards, instituted by the MoD in April 2018, are an essential step towards creating an ecosystem to foster innovation, research and technology development. iDEX has provided opportunities to MSMEs (micro, small and medium enterprises), start-ups, research and academic institutions as well as individuals to provide innovative solutions to pressing problem areas of the armed forces.⁸

Further, the MoD has undertaken important steps to facilitate and encourage exports. The Export Promotion Cell (EPC) in the Department of Defence Production (DDP) has been created for the purpose. India has achieved considerable growth in exporting defence equipment. During 2015-20, India's defence exports grew from around Rs 2,000 crore to Rs 9,000 crore.⁹ Exports of globally competitive Indian defence products will no doubt help achieve economies of scale and spur qualitative improvements in indigenous defence production.

SRIJAN, the indigenisation portal, was launched in August 2020 for the benefit of defence public sector units (DPSUs) and ordnance factories to provide development support to MSMEs/start-ups/industry for import substitution. A 'positive indigenisation list' consisting of more than 200 items that will be manufactured within India is a huge opportunity to add volumes to the domestic defence industry using their own design and development capabilities.

These steps cumulatively are expected to make use of the large, available skill pool to introduce fresh energy in the defence sector by developing innovative, niche, and cutting-edge technologies for the military. A robust domestic defence manufacturing sector can transform India's military capabilities and help achieve self-reliance in its defence requirements.

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