



1. The saga of India's indigenous defence production

- What is Indigenisation of Defence?
- What is the need for Indigenisation of defence production?
- What measures did our government take to promote defence production in the country?

GS paper 3 (Security challenges and their management in border areas; linkages of organized crime with terrorism)

In this video, you can find detailed answers for all the above questions.



Date: 1 September, 2019



The above article has been retrieved from:

Dhruva Jaishankar. (2019, August , 31). The saga of India's indigenous defence production. Indian Express. Retrieved from

<https://www.hindustantimes.com/analysis/the-saga-of-india-s-indigenous-defence-production/story-g5g6Da66cREGWFM5rtQncO.html>



Pen drive Courses
for UPSC CSE
preparation



What is the context about?



In an increasingly uncertain world, India's security challenges are likely to increase. Tensions with Pakistan remain a major concern, as the events following the Pulwama terrorist attack and Balakot air strike made clear.



The power disparity with China continues to widen. And the Indian Ocean and India's broader neighbourhood are becoming more contested.



As India's global exposure increases – with implications for the security of its diaspora, energy flows, and sea lines of communication – its international security obligations are also set to grow. For all these reasons, the need of the hour is a capable defence industrial establishment.



What is Indigenisation of Defence?



Indigenisation is the capability of developing and producing any defence equipment within the country for the dual purpose of achieving self reliance and reducing the burden of imports.



Self-reliance in defence manufacturing is one of the key objectives of Department of Defence Production.



Defence Research Development Organisation (DRDO), Defence Public Sector Undertakings (DPSUs), Ordnance Factory Board (OFB) and private organisations are playing a critical role in indigenisation of defence industries.



What is the need for Indigenisation of defence production?



Reducing Fiscal Deficit: India is the second largest arms importer in the world (after Saudi Arabia).

- ✓ Higher import dependency leads to increase in the fiscal deficit.
- ✓ Despite having the fifth largest defence budget in the world, India procures 60% of its weapon systems from foreign markets.
- ✓ India can export its indigeneous defence technology and equipment to the neighbouring nations.



Security Imperative: Indigenisation in defence is critical to national security also. It keeps intact the technological expertise and encourages spin-off technologies and innovation that often stem from it.

- ✓ Indigenisation is needed in order to avert the threats associated with the frequent ceasefire violations like that of the Uri, Pathankot and Pulwama attacks.
- ✓ India being surrounded by porous borders and hostile neighbours needs to be self sufficient and self reliant in defence production.



Employment generation: defence manufacturing will lead to the generation of satellites industries that in turn will pave the way for generation of employment opportunities. As per government estimates, a reduction in 20-25% in defence related imports could directly create an additional 100,000 to 120,000 highly skilled jobs in India.



Strategic Capability: self sufficient and self reliant defence industry will place India among the top global powers.



Nationalism and Patriotism can increase with indegenious production of defence equipment, that in turn will not only boost the trust and confidence of the Indian forces but will also strengthen a sense of integrity and sovereignty in them.



What measures did our government take to promote defence production in the country?



Defence Procurement Policy: based on the recommendations of the Dhirendra Singh committee, Defence Procurement Procedure 2016 (replaced DPP 2013) added an additional category “Buy (Indian-IDDMM)” i.e Indigenously Designed, Developed and Manufactured, as the most preferred way of defence goods acquisition.



E-Biz Portal: process of applying for Industrial License (IL) and Industrial Entrepreneur Memorandum (IEM) has been made completely online on ebiz portal.



Outsourcing and Vendor Development Guidelines: for DPSUs (defence public sector undertaking) and OFB (ordnance factory board) to promote the participation of private sector, particularly SMEs (small manufacturing enterprises) for defence manufacturing.



Uniform custom duty: In order to establish a level-playing field between Indian private sector and the public sector, all Indian industries (public and private) are subjected to the same kind of excise and custom duty levies.



The FDI policy: composite foreign investment upto 49% is allowed through Government route (FIPB) and beyond 49% with the approval of the Cabinet Committee on Security (CCS) on case-to-case basis.



Preference to 'Buy (Indian)', 'Buy & Make (Indian)' & 'Make' categories of acquisition over 'Buy (Global)' category, thereby giving preference to Indian industry in procurement.