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Self-reliance should be the ultimate aim of India's defence sector

Monday, 2 February 2015 - 5:00pm IST | Agency: dna webdesk



Nitin

Gokhale

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As a country located in one of the world's most unstable regions, India can hardly afford to be dependent on imported weaponry if it wants to be taken seriously in the emerging world order.



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In 2011, India replaced China as the world's leading importer of weapons and has retained the spot ever since, accounting for 12% of global arms imports, almost twice as much as China, the Stockholm International Peace Research Institute (Sipri), a leading global think-tank said in 2014. The position is not likely to be any different this year either. Between 2008 and 2012, India's arms imports in fact rose 59 per cent in the previous four years. The sorry state of affairs, most experts feel, is because India's domestic defense industry remains a public sector monopoly and government

policies so far has kept keep the private sector out.

However, as a country located in one of the world's most unstable regions, India can

hardly afford to be dependent on imported weaponry if it wants to be taken seriously in the emerging world order.

Can the situation change? Does India have the defence industrial base to make the paradigm shift? Can India ever become self-reliant in its defence needs? These questions have no clear or easy answers but perhaps India's [defence sector](#) can both become self-reliant and self-sufficient if it can align with the [Narendra Modi](#) government's new initiative, 'Make in India' in the coming decade.

A fairly robust, but relatively simpler technological defence production capability was inherited by the Indian state post-independence, with nearly half of British India's revenues being spent on defence production pre-independence. However, post-independence, the threat perceptions dramatically altered the defence preparedness and suddenly the country saw itself inadequate in meeting the defence needs indigenously. The sophistication of weapons increased exponentially due to the advent of industrialisation post WW2. The cold war triggered an arms race between superpowers, increasing the availability of lethal weapons to our adversaries.

The Defence Production Department was set up way back in 1962 and subsequently merged into the Department of Defence Production & Supplies. Despite 41 Ordnance Factories, 9 Defence PSUs supported by 51 [DRDO](#) labs, indigenous defence production barely meets 30 per cent of India's needs.

A closer look at the current set up makes it abundantly clear that there is a gap in the existing capacity of the public sector that needs to be augmented with private sector expertise. Having understood the mismatch including the need for capital, FDI up to 26 per cent was allowed from 2001, and a broader defence procurement policy announced in 2002. A defence off set policy was unveiled in 2006 and a Long Term Integrated Perspective Plan (LTIPP) announced in 2009. The 15-year long (2012 -2027) LTIPP has a phenomenal budget of 235 billion dollars. The questions that arise are:

Will India continue importing and spending precious foreign exchange?

Is the ongoing indigenisation programme too ambitious?

Does India have an industrial base to produce sophisticated materials needed for

production of weapon systems?

These are some of the questions that need to be answered while finding a long term solution of indigenous defence production capability.

While the Narendra Modi government's 'Make in India' concept is an echo of MoD's long-cherished aspiration for self-reliance in defence production, the defence ministry has failed to follow its own guidelines articulated in the Defence Production Policy (DPP) of January 2011 and updated thereafter. How does the Indian defence private sector look at the new policy and approach? Speaking to me from Hyderabad, Ashok Atluri, who heads Zen Technologies, a leading player in simulator technology had some practical suggestions to offer. Zen Technology emerged as a key partner for the defence sector by providing land/water/air based simulators to defence forces and other security agencies. It is one of those rare Indian entities which have developed more than 30 product simulators completely based on indigenous research and design.

Mr Atluri says: "When we say some defence equipment is "Made in India" we need to make the fine distinction of whether the technology has been a) Indigenously designed or developed b) Bought-out or c) Licensed. Indian defence should clearly give preference to the indigenously designed and developed equipment. Just manufacturing or assembling products in India would not be adequate. While 'Made in India' under the transfer of technology route will create only blue collar jobs, encouragement to indigenously designed and developed equipment will additionally create jobs which will employ the scientific talent and ensure that India becomes a global leader in defence equipment from being the largest importer."

A review of the needs of the armed forces, categorising them into urgent, immediate and necessary could be a start. The next step should be to begin consultations far and wide. In fact the 'Make in India' mantra also seeks attitudinal change to India's policy-making processes—namely, fostering a culture of trust between government and industry/business stakeholders. It may therefore be a good idea to dovetail the DPP into [Make in India](#) by initiating a culture of dialogue and consultations into the defence acquisition process itself. If handled properly, this dialogue could go a long way in building enhanced confidence and trust in the MoD's procurement systems.

Mr Atluri agrees: “Yes, absolutely. The DPP needs to reflect the political thrust towards enhancing domestic procurement and boosting purchase of equipment from indigenously designed and developed sources. A sound defence industrial base still seems to be a distant reality.”

He also had a practical suggestion. Presently, most procurement by MoD is on ‘No Cost, No commitment’ (NCNC) basis wherein it is not necessary that procurement process will culminate in a Contract or Supply Order. “I recommend that some of the MoD procurement from Indian Industry be carried out on NCNC basis. Let the MoD publish the list of products that it needs to procure in the next few years, along with internationally benchmarked prices, quantity, and timeline for procurement, Let them short list companies that are willing to develop the equipment at their own cost. Let the Indian companies develop the equipment, and on successful trial evaluation the order may be placed on the lowest bidder. However, the order should be placed even if there is single vendor situation and the price is equal to or less than the internationally bench marked price.”

But that’s only one part of the process. If the objective is more than just minimizing imports, than self-reliance should be the ultimate aim. That aim should promote and enable the national research, development and manufacturing sectors to fulfill their strategic mandate which states that the nation of India’s size, resources and potential does not have to look elsewhere for major weapons and defence systems for want of technical capabilities.

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