



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

Defence exports grew by 334% in last five years

Published On: 26-09-2022

What's in News?

Defence exports have grown by 334 per cent in the last five years and India is now exporting to over 75 countries due to collaborative efforts.

News Highlights:

- The **Indian Defence sector**, the **second largest armed force**, is at the cusp of revolution.
- India exported around Rs 1,387 crore worth of defence-related exports during the first quarter of the financial year 2022-23 (April-June).
- Further, India's defence and technology related exports touched the highest-ever figure of Rs 12,815 crore in the financial year 2021-22, a 54.1 per cent rise over the previous year.
- India's defence exports were worth Rs 8,434 crore in 2020-21, Rs 9,115 crore in 2019-20 and Rs 2,059 crore in 2015-16.
- The exports in the financial year 2022 were almost eight times what they were about five years back.
- India's defence exports are mainly to countries like the **US, the Philippines and other countries in South-East Asia, the Middle East and Africa**.
- In July 2022, it was stated by Additional Secretary (Defence Production) in the Defence Ministry that the **private sector accounted for 70% of the exports**, while public sector firms accounted for the rest.
- Earlier, the private sector used to account for 90% but now the share of defence public sector units had gone up.
- According to the latest report of the Swedish think tank Stockholm International Peace Research Institute (SIPRI), three Indian companies figure among the **top 100 defence companies in the 2020 rankings** — **Hindustan Aeronautics Limited (HAL), Ordnance Factory Board and Bharat Electronics Ltd (BEL)**.

Boosting Indigenous Manufacturing:

In the past few years, the Government of India has taken various policy initiatives to encourage indigenous manufacturing of defense equipment, thereby promoting self-reliance in defense manufacturing & technology.

The slew of initiatives include

1. priority to the procurement of capital items from domestic sources under **Defence Acquisition Procedure (DAP)-2020**,
2. the announcement of 18 major defense platforms for **industry-led design and development**,
3. liberalization of foreign direct investment (FDI) policy allowing **74 per cent investment under the automatic route and up to 100% under government route**.
4. To minimize import by Defence Public Sector Undertakings (DPSUs), the Department of Defence Production (DDP) has notified **three Positive Indigenisation Lists (PIL)** of sub-systems/assemblies/sub-assemblies/ components.
5. **Two defense industrial corridors** have been established — one each in **Uttar Pradesh and Tamil Nadu** to bolster indigenous manufacturing.
6. launch of **Innovations for Defence Excellence (iDEX) initiative**

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

7. In 2018, Ministry of Defence, has launched a **programme 'Mission Raksha Gyan Shakti (MRGS)'** to promote self-reliance and have an enabling framework for creation of Intellectual Property (IP) and management of Intellectual Property Rights (IPRs) in Indian Defence sector.

Significance:

- The enhancement of India's defence and aerospace industry is crucial for its **strategic independence** and to become a global, economic and military powerhouse.
- This will further enhance domestic production, thus opening various **avenues for private players**
- Overall, it can result in many direct and indirect **employment opportunities**.

Challenges:

The various factors retarding the growth of Indian defence exports.

The most important include

1. the absence of critical technologies,
2. the long gestation period involved in creating a capital and technology-intensive production base,
3. difficulties in conducting business operations arising from stringent labour laws and compliance burden,
4. inadequate funding of defence research and development (R&D), and
5. the lack of engineering and research skills.

Way Forward:

- The defence sector will play a vital role in making India a US\$ 5 trillion economy.
- The defence industry is likely to see a large transition in the coming years by strengthening the Make in India strategy, reducing dependency on imports, promoting local manufacturing, enhancing the self-reliance strategy and making India a global hub for defence exports.



AATMANIRHARTA IN INDIA'S DEFENCE MANUFACTURING

- » **334%** Growth in Defence exports in last five years
- » India's first indigenous aircraft carrier **INS Vikrant** commissioned in **Kochi**
- » Indigenous Advanced Light Helicopter **MK III squadron** commissioned into Indian Coast Guard
- » Indigenously-developed **Laser-Guided ATGM** successfully tested
- » New generation nuclear-capable ballistic missile '**Agni P**' successfully tested