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Defence exports grew by 334% in last five years

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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**

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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 makes India a global hub for defence exports.

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