



5th Positive Indigenisation List

For Prelims: [Positive Indigenisation List](#), [Aatmanirbharta](#), [Defence Public Sector Undertakings](#), [Srijan portal](#), [Ease of Doing Business](#), [Tejas](#), [INS Vikrant](#), [Make in India](#), [Article 355](#), [Central Bureau of Investigation](#)

For Mains: India's defence self-reliance, Internal security framework, Major Security Challenges Confronting India.

Source: [PIB](#)

Why in News?

The [Ministry of Defence \(MoD\)](#) has recently notified a **fifth Positive Indigenisation List (PIL)** comprising defence items, aimed at boosting self-reliance and minimising imports and encouraging the domestic defence sector.

What are the Key Highlights of the Fifth Positive Indigenisation List?

- **Purpose and Scope:** The fifth PIL comprises 346 items aimed at advancing [Aatmanirbharta \(self-reliance\) in defence](#) and reducing import dependence by [Defence Public Sector Undertakings \(DPSUs\)](#).
 - It ensures that these items are procured exclusively from the Indian industry, including [Micro, Small, and Medium Enterprises \(MSMEs\)](#) and startups.
 - Items include strategically important Line Replacement Units (LRUs), systems, sub-systems, assemblies, sub-assemblies, spares, components, and raw materials.
- **Implementation:** The list is available on the MoD's [Srijan portal](#), which provides a platform for DPSUs and service headquarters (SHQs) to offer defence items for indigenisation to private industries.
 - DPSUs like [Hindustan Aeronautics Limited \(HAL\)](#), [Bharat Electronics Ltd \(BEL\)](#), [Bharat Dynamics Ltd \(BDL\)](#), and others have initiated processes for issuing Expressions of Interest (EoIs) and Requests For Tender or Proposals (RFPs).
- **Impact:** The indigenisation of these items is expected to have an import substitution value worth Rs 1,048 crore.
 - The initiative provides **assurance to the domestic defence industry, encouraging** them to develop defence products without the risk of competition from imports.
- **Future Goals:** The MoD aims to continue expanding the list annually up to 2025, further increasing the number of items to be indigenised.
 - This incremental approach supports the long-term goal of achieving greater self-reliance in defence production.

Positive Indigenisation List

- **About:** The PIL is a list of items that can only be purchased by the Indian armed forces from

domestic manufacturers, including private sector or DPSUs.

- The concept was introduced in the [Defence Acquisition Procedure \(DAP\) 2020](#), focusing on import substitution for major systems, platforms, weapon systems, sensors, and munitions.
- The list includes a diverse range of items crucial for bolstering India's defence capabilities and promoting self-reliance in the defence sector.
- **Progress:**
 - The first PIL was promulgated in August 2020, followed by successive lists, bringing the total to 4,666 items.
 - So far, 2,972 items, worth Rs 3,400 crore in import substitution value, have been indigenised.
 - These five lists for DPSUs are in addition to the five positive indigenisation lists of 509 items notified by the [Department of Military Affairs \(DMA\)](#). These lists include **highly complex systems, sensors, weapons and ammunition**.
- Over 36,000 defence items have been offered to the industry for indigenisation, with more than **12,300 items indigenised in the last three years. As a result, the DPSUs have placed orders on domestic vendors to the tune of Rs 7,572 crore.**

What is the Need for Indigenisation of Defence in India?

- **Import Dependency:** India continues to hold the title of the [world's largest arms importer](#), despite ongoing efforts to bolster its defence-industrial base.
 - Between 2019 and 2023, the country accounted for a significant 9.8% of the total global arms imports, reflecting a strategic vulnerability in its defence procurement.
- **Strategic Autonomy:** Heavy reliance on foreign arms imports compromises India's strategic autonomy. By indigenising defence production, India can **reduce dependency on external sources and ensure self-reliance** in critical defence technologies.
 - Dependence on foreign arms can pose risks **during geopolitical tensions**. Indigenous production enhances national security by ensuring uninterrupted supply and availability of defence equipment during crises.
 - A self-reliant defence industry enhances India's political leverage in international relations. It strengthens India's position in **global negotiations and defence collaborations**.
- **Economic Benefits:** Indigenisation supports the domestic economy by creating jobs, fostering innovation, and stimulating industrial growth.
 - It reduces the outflow of **foreign exchange**, contributing to economic stability.
 - Indigenous production can be more cost-effective in the long run. It reduces the **procurement cost, maintenance, and logistical challenges** associated with importing arms from abroad.
- **Sustainable Development:** Indigenisation promotes sustainable development by ensuring that the defence industry grows in harmony **with national interests and environmental considerations**.

What is the Status of Indigenisation Defence Sector?

- **Rise in Exports:** In FY 2023-24, defence exports reached a record Rs 21,083 crore (approx. USD 2.63 Billion), showing a **32.5% increase** from the previous fiscal year.
 - Over the last 10 years, there has been a 31-fold increase in defence exports compared to FY 2013-14.
 - The private sector and DPSUs have contributed about 60% and 40% respectively to this growth.
 - This growth is attributed to policy reforms, ['Ease of Doing Business' initiatives](#), and digital solutions provided by the Government to promote defence exports.
- **Achievements:** The Indian defence sector has seen the production of several advanced systems,

including the **155 mm Artillery Gun 'Dhanush', Light Combat Aircraft 'Tejas', INS Vikrant: Aircraft Carrier**, and various other platforms and equipment, notably the **Advanced Towed Artillery Gun (ATAG) howitzer**.

- **Reduction in Import Dependency:** The expenditure on foreign defence procurement has decreased **from 46% to 36% over the past four years**, demonstrating the impact of indigenisation efforts in reducing reliance on imports.
- **Growth in Domestic Procurement Share:** The share of domestic procurement in total defence procurement has risen from **54% in 2018-19 to 68% in the current year**, with **25%** of the defence budget allocated for procurement from private industry.
- **Value of Production:** The value of production by public and private sector defence companies has increased from Rs 79,071 crore to Rs 84,643 crore in the past two years, reflecting significant growth in the sector's capacity and output.

What are the Initiatives Related to Indigenisation in the Defence Sector?

- **Defence Procurement Policy (DPP), 2016:** **DPP 2016** has introduced the "**Buy-IDD (Indigenous Designed and Manufactured)**" Developed category of acquisition and accorded it the top most priority.
 - This policy shift is designed to enhance local production capabilities and reduce import dependency.
- **Defence Acquisition Procedure (DAP) 2020:** It aims to promote **Atmanirbhar Bharat Abhiyaan in the defence manufacturing sector**. It includes features such as **PIL**, priority to indigenous procurement, reservation for **MSMEs and small shipyards**, increased indigenous content, and introduction of new categories to promote **'Make in India' initiative**.
 - Additionally, it focuses on indigenisation of imported spares to enhance self-reliance through import substitution.
- **Industrial Licensing:** The licensing process has been streamlined with extended validity, facilitating easier investment in the defence sector.
- **Foreign Direct Investment (FDI):** The **FDI policy** now allows up to 74% under the automatic route, promoting foreign investment in defence manufacturing.
- **Make Procedure:** The "**Make**" procedure in the Defence Procurement Procedure (DPP) promotes indigenous design, development, and manufacturing of defence equipment.
 - It is a key part of the **Make in India initiative**, involving both public and private sectors to build indigenous capabilities.
- **Defence Industrial Corridors:** Two corridors, in **Uttar Pradesh and Tamil Nadu**, have been established to attract investments and build a comprehensive defence manufacturing ecosystem. Investments totaling approximately Rs 6,089 crore have been made in these corridors.
- **Innovative and Supportive Schemes:**
 - **Mission DefSpace:** Launched to advance space technology for defence applications.
 - **Innovations for Defence Excellence (iDEX):** This scheme, launched in April 2018, supports innovation in defence by engaging start-ups, MSMEs, and research institutions. The **'iDEX Prime' framework**, introduced in 2022, offers up to Rs 10 crore in grants for high-end solutions.
 - **SRIJAN Portal:** Launched to facilitate indigenisation, the **SRIJAN portal has listed 19,509 previously imported items for local production**. To date, **4,006 items have attracted interest from the Indian industry**.
- **Research and Development (R&D):** 25% of the R&D budget is allocated for industry-led R&D, fostering technological advancement and innovation in the defence sector.

Drishhti Mains Question:

Q. Evaluate the progress and achievements of the Positive Indigenisation Lists since their inception. How have these lists influenced India's defence procurement strategy?

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. What is/are the recent policy initiative(s) of Government of India to promote the growth of manufacturing sector? (2012)

1. Setting up of National Investment and Manufacturing Zones
2. Providing the benefit of 'single window clearance'
3. Establishing the Technology Acquisition and Development Fund

Select the correct answer using the codes given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (d)

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