



# Negative Imports List for Defence

## Why in News

Recently, the **Ministry of Defence (MoD)** has announced a negative list of 101 defence items that the MoD will stop importing.

## Key Points

### ▪ Indigenisation of Defence Production:

- This will **boost indigenisation of defence production** and is in line with the government's target to **reach a turnover of USD 25 billion** by 2025 through indigenously manufactured defence products.
  - Government also targets to **export** these indigenously manufactured defence products worth USD 5 billion by 2025.
  - The manufacturers could be **private sector players** or **Defence Public Sector Undertakings (DPSUs)**.
- This will **reduce the government's defence import bill.**

### ▪ List of Items:

- The list comprises simple parts to high technology weapon systems like artillery guns, assault rifles, sonar systems, transport aircrafts, radars, and many other items.

### ▪ Implementation:

- The imports on these 101 defence items is planned to be **progressively implemented between 2020 to 2024.**
- MoD has also **bifurcated the capital procurement budget** for 2020-21 **between domestic and foreign capital** procurement routes.
  - A separate budget head has been created with an outlay of nearly Rs. 52,000 crore for domestic capital procurement in the current financial year.
- **In any government contract over Rs. 200 crore, no foreign company can participate** in the tendering process.

### ▪ Benefits:

- It will **offer an opportunity** to the Indian defence industry **to manufacture the items in the negative list** by using their own design and development capabilities or adopting the technologies designed and developed by the **Defence Research and Development Organisation (DRDO)** to meet the requirements of the Armed Forces.
- It is a big step towards self-reliance in defence under the **Atmanirbhar Bharat initiative.**

### ▪ Issues Involved:

- At least a third of the 101 items are already being produced in India.
  - Some items in the list are under development by domestic industry, and are not produced by any other country. E.g. the **Light Combat Helicopter** and the **light**

### transport aircraft.

- Items like the AK-203 rifle, to be produced by the Ordnance Factory Board in Amethi with Russian collaboration are **stuck over pricing issues**.
  - The items in the list are of proven technologies, and **do not involve any critical or cutting-edge technology** for a next-generation weapon system or platform.
  - Challenge for the government and the armed forces will be **to keep this commitment to domestic producers** in the event of an operational requirement.
- E.g. **Make in India** scheme announced in 2014 aimed to develop the indigenous defence industry, but has failed to achieve its targets.

## Way Forward

- By supporting its domestic manufactures, India can become the centre of excellence in the small arms sector. It will also reduce the import dependence of arms and ammunition. Domestic manufacturing of arms will also create jobs for Indians.
- However, the Government must address the challenges and further focus on transfer of cutting edge technologies through bilateral agreements with major defence players in order to support domestic industry.

**Source: TH**

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