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## Collaboration with Israel in Defence Sector under FDI

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### Why in News

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India has collaborated with the Israeli defence companies under the new liberalised **Foreign Direct Investment** (FDI) regime in **defence manufacturing**.

- Earlier, the government has increased the limit for **FDI in defence** through the automatic route from **49% to 74%**.
- FDI is an **investment made by a firm or individual** in one country into business interests located in another country.

### Key Points

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**Context:** Recently, the Defence Ministry has given **emergency powers to the Armed Forces** to procure weapons systems up to Rs. 300 crore on an urgent basis without any further clearances **to cut short the procurement cycle**.

- Therefore, Indian Armed Forces are undertaking a series of emergency defence purchases amid ongoing **tensions with China on the border**.
- The Army has decided to order launchers, **Spike Anti-Tank Guided Missiles** (ATGM) and additional **Heron Unmanned Aerial Vehicles** (UAV), from Israel through the emergency procurement route.

### India-Israel Defence Cooperation

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- **Description:** The strong bilateral ties of India and Israel are driven by their respective national interests—i.e., India’s long-sought goals of **military modernisation**, and Israel’s comparative advantage in **commercialising its arms industries**.
  - The ambit of defence cooperation has widened to include other domains like **space, counter-terrorism, and cyber security and intelligence sharing** besides Israeli arms sales to India.
  - **India** was the **largest arms customer of Israel in 2017** with sales worth 715 million USD.
  - According to the **Stockholm International Peace Research Institute (SIPRI) report**, Israel is the **third largest supplier of defence items** to India after **Russia and the USA**, the first and second respectively.
- **Historical Ties:** The strategic cooperation between the two countries began during the **Sino-India War of 1962**.
  - In 1965, Israel supplied M-58 160-mm mortar ammunition to India in the war against Pakistan.
  - It was one of the few countries that **chose not to condemn India’s Pokhran nuclear tests in 1998**.
  - It continued its arms trade with India even after the sanctions and international isolation after the nuclear tests.
- **Significance:**
  - **Patrolling and Surveillance:** The Israeli imports ease the operational ability of armed forces in wartime. For instance, the missile defence systems, and ammunition played a crucial role in controlling the escalation between India and Pakistan **post-Balakot air strikes**.
  - **Make in India:** The export-oriented Israeli defence industry and its openness to establishing joint ventures complement both **‘Make in India’** and **‘Make with India’** in defence.
  - **Trusted Supplier:** Israel has always been a ‘no-questions-asked supplier’, i.e., it transfers even its most advanced technology without placing limits to its use.
    - Its credibility was reinforced during the **Kargil War of 1999** when it supplied the **Indian Air Force (IAF)** with the Unmanned Aerial Vehicle (UAV) ‘Searcher’ and surveillance systems for Jaguar and Mirage squadrons.
    - Similar weapons were used in the **Balakot strike** in February 2019.
  - **Ready to Use Technology:** India suffers from many constraints in defence production and acquisition including lack of technical expertise, lack of manufacturing infrastructure, inadequate funding and project delays. Israel fills these shortcomings by **supplying ready-to-use critical technologies**, even on short notices.

- **Challenges:**

- **Influence of USA:** Some of the **Israeli technologies utilise USA components** because of which the USA has veto powers over the sale of those technologies. Hence, it may cause hurdles in transportation of technologies.
- **Cold War Politics:** The potential of **India-Israel ties** have been sacrificed on the altar of Cold War politics. Factors like **Arab–Israeli conflict, Iran-Israel conflict, constant interference of countries like Russia and USA** in such issues and overall relationship of India with these countries have impacted the ties with Israel.
- **Non Alignment:** India’s commitment to the **non-alignment** causes freezing relations with Israel that were increasingly seen as leaning towards the Western bloc. India must strategically balance its relationship with Israel on conflict issues.
- **Dependence for Energy Security:** India’s dependence on Arab states for oil imports led to a pro-Arab tilt in its West Asia Policy, which has further constrained Israel's options in the region.
- **Israel Palestine Conflict:** The **territorial conflicts of Gaza Strip and West Bank** have played an important role in shaping India-Israel relationships.
  - Due to Israel-Palestine peace negotiations (**Oslo Accords of 1993**) **India** has started normalising the relationship with Israel.
  - However, as a part of **Link West Policy**, India has de-hyphenated its relationship with **Israel and Palestine in 2018** to treat both the countries mutually independent and exclusive.

## **Defence Technologies Imported by India**

- **Unmanned Aerial Vehicles (UAVs):**

- **Searcher:** It is a **multi-mission tactical UAV** for surveillance, target acquisition, artillery adjustment and damage assessment.
- **Hermes 900:** In December 2018, Adani Defence and Elbit Systems inaugurated the **first India-Israel joint venture in defence** at Hyderabad. This facility will manufacture high-technology, cost-effective Hermes 900 to be deployed in all-weather terrains.
- **Heron:** It is a **medium-altitude long-endurance** unmanned air vehicle (UAV) system primarily designed to perform strategic actions .

- **Air Defence Systems:**

**BARAK:** The **surface-to-air missile** can be deployed as a low-range air defence interceptor. In India, the **BARAK** version is known as BARAK-8 (for naval vessels).

- **Missiles:**
  - **Spike:** These are the **4<sup>th</sup> generation Anti-Tank Missiles** with a range of up to 4km, which can be operated in fire-and-forget mode.  
These are manufactured by the Rafael Advanced Defence Systems, Israel.
  - **Crystal Maze:** It is an **Indian variant of the air-to-surface missile AGM-142A Popeye** – jointly developed by the Israeli-based Rafael and US-based Lockheed Martin.
- **Sensors:**
  - **Search Track and Guidance Radar (STGR):** India imported the STGR radar to make **INS Kolkata, INS Shivalik and Kamorta-class frigates** compatible for deploying BARAK-8 SAM missiles.
  - **Phalcon:** This airborne warning and control system (AWACS), is also hailed as Indian Airforce Force's "**eyes in the skies**".
  - Phalcon performs **surveillance and intelligence gathering beyond the visual range** to warn against the incoming missiles or aircrafts in the airspace.

## Way Forward

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- The **strategic cooperation between India and Israel** carries immense potential and India must **harness the technological expertise from Israel** to modernise an indigenous defence industry.
- As the USA sees a major role for India in **maintaining the balance of power in the Indo-Pacific** more technologies are likely to be transferable in the future. With improving **strategic understanding between India and the US** these technologies can be flexibly deployed to various wings of the military.
- Indo-Israel **defence cooperation must be up-scaled** in terms of **Joint Ventures (JV) and Joint Research and Development (RD)** which can be a force multiplier to realistically achieve India's ambition to be a major global power.

**Source: TH**