



# drishti

## The Big Picture: Modernising the Armed Forces

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### Why in News?

- Addressing a webinar on the effective implementation of the provisions of the **Union Budget 2021-22** in the defence sector, the Prime Minister listed a series of measures taken to boost self-reliance in the defence sector.
  - The PM regrets the fact that the country is amongst the biggest defence importers in the world but now, it is working hard to change the situation and also to enhance its capacities and capabilities at a fast pace.
- A total amount of Rs 4.78 lakh crore has been earmarked for the Ministry of Defence in the Budget, with a nearly 19% increase in capital outlay.
  - A share of the budget has been reserved for domestic procurement.

### Key Points

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- **India's Imports:** India is the **second largest importer in defence** procurement in the world after Saudi Arabia.
  - **PPP Model:** Rs. 2,000 crore worth 7 projects have been proposed in **Public Private Partnership (PPP)** mode in the FY 2021-22 for operation of **major ports**.

The private sector has been urged to come forward and take up the responsibilities of both designing and manufacturing of defence equipment.
  - **Less Importance to the Navy:** The navy has not been given much importance as required.

The share of the budget for the navy is **slightly under 15%** which is an increment from a few years back to around 12½% but the same was 18% in the FY 2011-12.
  - **Negative List:** The 'negative import list' has been prepared by the government containing items that India seeks to stop buying from other countries.

The government listed various items including weapons systems and assault rifles.

## Current Scenario of the Defence Sector

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- **Airforce:** India is gradually moving toward indigenisation in the defence sector, it is only now that India has got its own indigenous aircraft, **Tejas**.
  - India is lagging behind in manufacturing of its own engines, avionics and self-sufficient radars.
  - A lot of **progress in design and development** of different parts of aircrafts has been made but when it comes to a compact aircraft system or a weapon system, **India is a seeker not a manufacturer**.
- **Army:** The Indian army is still woefully short on looking upon manufacturing of armaments like tanks.

India has made a great breakthrough in terms of artillery guns but the technological edge required to modernise its equipment has not been touched yet.
- **Navy:** The navy ought to be given more importance than it has been given as of now as there are immense challenges at the sea; the biggest threat is **China**.
  - The Navy has very serious capability gaps; as per the **Maritime Capability Perspective Plan by 2027**, India ought to have about **200 ships** but there is still a lot to cover to reach the target.

However, the cause is not mainly funding but procedural delays or some self imposed restrictions.
  - However, the navy ensures that it has **state of the art SONARs and Radars**. Also, many of the ships contain a high amount of indigenous content.

## Initiatives for Modernisation of the Defence Sector

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- **Capital Acquisition Budget (CAB):** The Defence Ministry has decided to earmark around 64% of its modernisation funds under the capital acquisition budget for 2021-22, a sum of Rs 70,221 crore for purchases from the domestic sector.  
For FY 2020-21, the capital budget allocation for domestic vendors was made at 58%, an amount of Rs 52,000 crore.
- **MSMEs and Startups:** This increase in CAB will have a positive impact on enhanced domestic procurement, having a multiplier effect on the industries including **MSMEs** and start-ups.  
The **Defence India Startup Challenge (DISC)** started by the defence ministry shall be lauded; over 1200 MSMEs participated in the fourth edition of the DISC in 2020.
- **Self-Reliant and Make-in India:** It would also increase employment in the defence sector. Hence, it is a welcome step towards encouraging **Atma Nirbhar Bharat** and **Make in India**.
  - The government in its negative list, has included light combat helicopters, artillery guns; these items will not be imported by anyone thus encouraging self-reliant India.
  - The SRIJAN portal has also been launched to facilitate the two initiatives. .
- **Other Efforts:** The government has taken initiatives like de-licensing, deregulation, export promotion, encouraging **FDI** etc to liberalise the defence industry.  
In the last 3 years, 118 of the total 191 projects which have been sanctioned have gone to the Indian industries.

## Challenges Associated to Modernisation

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- **Decision Making Process:** The entire **acquisition process of India is very tardy** and the time taken from planning to acquire a defence equipment to actually executing the thought is a quite long procedure.  
Lowering down this time taking procedure to maximum 1-2 years is a big challenge.
- **Public Sector Manufacturing and Capability:** The public defence manufacturing sector has really not been able to deliver the way it was mandated to.  
The sector by itself is not anymore able to cater to all the needs of the defence sector which is why involvement of the private sector should be encouraged.
- **Manufacturing Sector:** India **lacks a proper industrial base** for the manufacturing of defence equipment.  
However, two defence zones have been set up in Tamil Nadu and in Uttar Pradesh which will provide the private sector with a base to operate upon.  
This will reinvigorate the whole defence economy once these zones come up and begin their manufacturing.

## Way Forward

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- **Holding the Hands:** Getting the private sector into manufacturing; giving them **opportunities to flourish** in the sector and **assuring them** their efforts or investments in the field would not go waste.
  - The cost of manufacturing a particular weapon system is considerably high and if the private sector still manages to bear that high cost but the system does not get procured then the private sector cannot undertake such a huge loss.
  - Moreover, there needs to be clarity in the government policies launched particularly for the private sector and enough boost to be provided to the PSU sector.
- **Investing in the Defence Economy:** The defence economy is not a loss making venture.
  - If India modernises its defence sector and reduces the defence imports, it can increase its **GDP** by 2-3% and create lakhs of jobs.
  - It is a **win-win situation and economically profitable**.  
As GDP will go up and India will not only become self reliant in the sector but also an exporter.
- **Modernising the Ports:** It is not just the shipbuilding but the entire structure of the ports needs a revamp.  
The **Sagarmala project** is one such initiative to revamp port infrastructure.
- **Integration the Entire Marine System:** Maritime response to the neighbouring nations is not only about providing the naval support but a much larger contribution of marine merchants, fisheries and its capacity to trade.  
There is also a **need for a coordinating body at the apex level** that assists in integrating all these sectors.
- **Utilisation of blue economy:** India has an **imperative need of exploiting the blue economy** to its best , not only for itself but also it has responsibility towards the smaller neighbouring nations who have invested their faith within India in terms of their maritime security.  
India has to develop its maritime industrial infrastructure so that it has the ability to look after its own requirements and the requirements of its immediate maritime neighbours.

## Conclusion

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- The government is taking the right steps towards becoming atma nirbhar but there is a need to boost defence PSUs and give them specific tasks to fulfill the desires of defence sector.
- Efforts are being continuously made to bring a new policy to get the private sector involved.  
However, it still needs a lot to be done in terms of holding and uplifting them and assuring them that their efforts will not go wasted.

- There is an urgent need to focus on the navy in order to ensure India's maritime security.

Revamping and modernising the ports, shifting from a seeker to a manufacturer and getting a hold on that technical edge that has eluded India.