# **4th Positive Indigenisation List**

For Prelims: Defence Public Sector Undertakings (DPSUs), Positive Indigenisation List (PIL), Micro, Small, and Medium Enterprises (MSMEs), Mission DefSpace, iDEX scheme, Defense Industrial Corridors, NETRA

For Mains: Status of Indigenization of the Defence Sector in India.

#### Why in News?

In a significant move towards promoting self-reliance in the defence sector and reducing imports, **India's** <u>Defence Public Sector Undertakings (DPSUs)</u> have received approval for the **fourth** <u>Positive Indigenisation</u> <u>List (PIL).</u>

 The list comprises 928 strategically-important Line Replacement Units (LRUs), subsystems, spares, and components, with an import substitution value of approximately Rs 715 crore.

#### What is a Positive Indigenisation List?

- About:
  - The concept of the positive indigenization list entails that the Indian Armed Forces, comprising the <u>Army</u>, <u>Navy</u>, and <u>Air Force</u>, will exclusively source the listed items from domestic manufacturers.
    - These manufacturers may include entities from the **private sector or Defense Public Sector Undertakings (DPSUs).**
    - The fourth Positive Indigenisation List follows three previous PILs that were published in December 2021, March 2022, and August 2022, respectively.
      - So far, 310 items have been successfully indigenised, with the breakdown as follows: 262 items from the first PIL, 11 items from the second PIL, and 37 items from the third PIL.
      - This initiative is in line with India's vision of <u>'Atma Nirbharta'</u> (self-reliance) and aims to boost the domestic defence industry, enhance investment, and reduce dependency on imports.
- Indigenisation and In-house Development:
  - To achieve indigenization, the DPSUs will utilize different routes under the 'Make' category, focusing on in-house development through the capabilities of Micro, Small, and Medium Enterprises (MSMEs) and the private Indian industry.
  - This approach will provide a boost to the economy, encourage investment in the defense sector. Additionally, this **initiative will foster the growth of design capabilities** within the domestic defense industry by actively involving academia and research institutions.
- Procurement and Industry Participation:
  - The DPSUs are set to initiate procurement action for the items listed in the fourth PIL. To facilitate the process, <u>Srijan Portal Dashboard</u> has been specifically designed for this purpose.

# What is the Status of Indigenisation of the Defence Sector in India?

- Need for Indigenization:
  - India's arms **imports fell 11% between 2013-17 and 2018-22**, the country is still the **world's top importer of military hardware in 2022 highlighted by** <u>a report by the</u> <u>Stockholm International Peace Research Institute (SIPRI).</u>
- Current Estimates and Targets:
  - Current estimates place India's **defensive capital expenditure at USD 130 billion** over the next five years.
  - The defense ministry has set a **USD 25 billion (Rs 1.75 lakh crore)** turnover goal in defense manufacturing in the next **five years,** including an export target of USD 5 billion worth of military hardware.
- Government Initiatives:
  - Priority Procurement: The Defense Acquisition Procedure (DAP)-2020 gives priority to the procurement of capital items from domestic sources under the Buy Indian (IDDM) category.
  - Liberalised Foreign Direct Investment (FDI) Policy: The FDI policy allows for 74% FDI under the automatic route in the defense industry, and up to 100% through Government route wherever it is likely to result in access to modern technology.
  - **Mission DefSpace:** The <u>Mission DefSpace</u> has been launched to promote defense-related innovations and developments in the space sector.
  - **Innovations for Defense Excellence (iDEX) Scheme:** The <u>iDEX scheme</u> involves startups and MSMEs in defense innovation projects, fostering their participation and contribution.
  - Defense Industrial Corridors: Two <u>Defense Industrial Corridors</u> have been established in Uttar Pradesh and Tamil Nadu, focusing on developing defense manufacturing ecosystems and attracting investments.
- Examples of Indigenous Defense Arsenal in India:
  - **Tejas Aircraft:** The **Tejas** is a lightweight, multi-role supersonic aircraft designed and developed indigenously in India.
  - Arjun Tank: Developed by the <u>Defense Research and Development Organization</u> (<u>DRDO</u>), the Arjun Tank is a 3rd generation main battle tank that showcases India's expertise in armored vehicle technology.
  - **NETRA:** The <u>NETRA</u> is an airborne early warning and control system developed domestically, providing crucial surveillance and reconnaissance capabilities.
  - ASTRA: India has successfully developed the <u>ASTRA</u>, an **all-weather beyond-visual**range air-to-air missile, enhancing the country's air defense capabilities.
  - LCH 'Prachand': It is the first indigenous Multi-Role Combat Helicopter which has potent ground attack and aerial combat capability.
  - ICG ALH Squadrons: In a major boost to further strengthen the capabilities of the <u>Indian</u> <u>Coast Guard</u>, ALH Mk-III squadrons were commissioned in Porbandar and Chennai in June and December 2022.
- Challenges:
  - **Technological Gap:** Developing **cutting-edge defence technologies** and acquiring advanced capabilities is a significant challenge for India.
    - The country has traditionally relied on foreign suppliers for critical defence technologies, and bridging the technological gap requires substantial investments in research and development (R&D), as well as collaboration with industry and academia.
  - Infrastructure and Manufacturing Base: Building a robust defence industrial base and infrastructure to support indigenous production is a major challenge.
    - The defense manufacturing ecosystem in India needs to be modernized, with improvements in infrastructure, technology transfer, skilled workforce development, and streamlined procurement processes.
  - **Testing and Certification:** Ensuring the quality, reliability, and safety of indigenously developed defense systems through rigorous testing and certification processes is crucial.
    - Developing robust testing facilities and establishing effective quality control mechanisms are essential for gaining the confidence of users and export markets.

#### **Way Forward**

- Create a Defense Innovation Ecosystem: There is a need to establish a dedicated defense innovation ecosystem that brings together defense organizations, research institutions, startups, and technology companies.
  - This ecosystem should promote collaboration, knowledge sharing, and technology transfer to drive indigenous defense capabilities.
- Defense Technology Accelerators: Establish defense technology accelerators that provide mentorship, funding, and resources to startups and small and medium-sized enterprises (SMEs) working on cutting-edge defense technologies.
  - These accelerators should facilitate connections with defense organizations, offer access to test facilities, and help navigate regulatory processes.
- Defence Skilling and Training Programs: There is a need to develop skilling and training
  programs to bridge the gap between academia and industry in defense-related disciplines.
  - Collaborating with universities and technical institutes to design specialized courses and certifications that align with defense technology requirements will be a significant step in this direction.

### UPSC Civil Services Examination, Previous Year Question (PYQ)

# <u>Prelims</u>

## Q. In the context of the Indian defense, what is 'Dhruv'? (2008)

- (a) Aircraft-carrying warship
- (b) Missile-carrying submarine
- (c) Advanced light helicopter
- (d) Intercontinental ballistic missile

#### Ans: (c)

#### <u>Mains</u>

Q. What is the significance of Indo-US defence deals over Indo-Russian defence deals? Discuss with reference to stability in the Indo-Pacific region. (2020)

Q. How is S-400 a	air defence system	technically	superior to	o any	othersystem	presently	available in	the
world? (2021)								



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