

## **Negative List of Defence Imports**

### **Why in news?**

Defence Minister has announced a list of 101 items that the Defence Ministry will stop importing.

### **What is the decision?**

- The negative list means that the Armed Forces will only procure all of these 101 items from domestic manufacturers.
- [Armed Forces - Army, Navy and Air Force.]
- The manufacturers could be private sector players or defence Public Sector Undertakings (DPSUs).
- The manufacturers can develop these items by using their own design and development capabilities.
- Or they can also adopt the technologies that can be designed by the Defence Research and Development Organisation (DRDO).

### **Why this decision was taken?**

- As per Stockholm International Peace Research Institute, India has been the second largest importer between 2014 and 2019.
- The government wants to reduce the dependence on imported items in defence.
- By denying the possibility of importing the items on the list, the domestic industry is given an opportunity to manufacture for the needs of the forces.
- Announcing the policy, the Defence Ministry is now ready for a big push to Atmanirbhar Bharat initiative.
- The Ministry will introduce import embargo on 101 items beyond given timeline to boost indigenisation of defence production.
- The government has been hoping that the defence manufacturing sector can play a leading role in boosting the economy.

### **What does the list include?**

- The negative list includes a range of items from simpler items to advanced technologies.

- The items include water jet fast attack craft to survey vessels, pollution control vessels, light transport aircraft, GSAT-6 terminals, radars, unmanned aerial vehicles, etc.,
- It also includes simpler items like certain rifles, artillery guns, bullet proof jackets, missile destroyers, etc.
- Almost 260 schemes of such items were contracted by the Armed Forces at Rs 3.5 lakh crore between April 2015 and August 2020.
- The government expects that contracts worth Rs 4 lakh crore will be placed upon the domestic industry within the next 6 to 7 years.

### **Were the Armed Forces consulted?**

- The government announced the list after due consideration by all stakeholders involved.
- This includes the three services who use the equipment, weapons and platforms that will be embargoed.
- The Ministry also consulted the public sector and private players.
- They were consulted to assess the capabilities of the Indian industry for manufacturing various ammunition & equipment within India.
- The items mentioned on the list worth almost Rs 1,30,000 crore each are anticipated for the Army and the Air Force.
- The items worth almost Rs 1,40,000 crore are anticipated for the Navy over the same period.

### **Will it come into effect immediately?**

- Not immediately, but it will be starting this year.
- However, not all the 101 items mentioned in the list will be embargoed starting this year.
- The embargo on imports is planned to be progressively implemented between 2020 to 2024.
- The government wants to apprise the Indian defence industry about the anticipated requirements of the Armed Forces.
- So that they are better prepared to realise the goal of indigenisation.
- The list may grow as more such equipment for import embargo would be identified by the Department of Military Affairs after consulting all stakeholders.
- A due note of this will be made in the Defence Acquisition Procedure to ensure that no item in the list is processed for import in the future.
- One item in the list, Long Range - Land Attack Cruise Missile will not be allowed to be imported after December 2025.

## Is this a new policy?

- It was announced in May 2020.
- Defence Minister has taken cue from Prime Minister Narendra Modi's 'Atamnirbhar Bharat' announcement.
- The Defence Ministry has 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.

## What are the future plans of the Ministry?

- The Defence Ministry wants to raise the Foreign Direct Investment in defence manufacturing from 49% to 74% under the automatic route.
- It also wants to improve the autonomy and accountability of the Ordnance Factory Board by their corporatisation.
- It also wants to build a time-bound defence procurement process and faster decision-making.

**Source: Indian Express**

