

What are the key defence projects under 'Make In India' scheme



Suchitra Karthikeyan

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The Pinaka Mk-I (Enhanced) Rocket System and Pinaka Area Denial Munition Rocket Systems being flight-tested by DRDO and the Indian Army in Pokhran. | Photo Credit: PTI

Pushing for 'Aatmanirbhar Bharat', the Ministry of Defence has signed more than 180 contracts with the Indian industry between June 2014 and December 2019, worth approximately \$25.8 billion

With India's defence deals with Russia in a quandary amid the Russia-Ukraine war, the Centre has stressed on a renewed push for indigenous manufacturing of defence equipment, urging foreign and domestic companies alike to invest in India.

Addressing the ongoing **Army Commanders Conference** on Thursday, April 21, Defence Minister Rajnath Singh said, "It is our 'whole of government' approach to ensure availability of best weapons, equipment and clothing to our troops braving extreme weather and hostile forces to defend our territorial integrity". He added that in 2021-2022, ₹40,000 crore worth of contracts by the army are being awarded to Indian vendors.

In the backdrop of the India-U.S. 2+2 dialogue, Mr. Singh invited U.S. companies to invest in India, saying "US-India relationship is built on foundational bilateral agreements, military to military engagements, cooperation in enhancement of defence capabilities and now a new emphasis on co-development and co-production."

What is the Centre's 'Make in India' push in Defence?

Pushing for 'Aatmanirbhar Bharat' (self-reliant India), the **Ministry of Defence** has signed more than 180 contracts with the Indian industry between June 2014 and December 2019, worth approximately \$25.8 billion, under the 'Make in India' scheme. The Ministry of Defence has set a target of achieving a turnover of Rs 1.75 lakh crore in aerospace and defence goods and services by 2024, including exports of Rs 35,000 crore.

Under the 'Make in India' scheme, Centre has notified three lists of projects – **Make I** (90% government funded, with vendor), **Make II** (prototype development of equipment/system/ platform or their upgrades with no government funding), **Make III** (collaboration with foreign equipment manufacturer for production in India).

Make-I: Under this scheme, there are four Army projects – Indian Light Tanks, Terminal End Secrecy Device (TESD), Tactical Communication System (TCS), and Futuristic Infantry Combat Vehicle (FICV) – at various stages of progress. There are also three Airforce projects – Airborne Electro Optical Pod with Ground Based System, Airborne Stand-Off Jammer, and Communication System with Indian Security Protocols. The Make I projects are Centre-funded, relevant to the requirements of the Indian Armed forces, and in collaboration with domestic vendors chosen via tenders.

Make-II: These projects deal with manufacturing of prototypes, systems, and subsystems, mainly for import substitution or as innovative solutions. They are funded by domestic manufacturers. As per the government's procedure, interested Indian companies may submit their proposals based on a preliminary assessment of project specific details given by the Centre.

Currently, there are 68 projects for the Army, Navy and Airforce which have received Approval-in-Principle, and seven projects which are in the exploratory stage. These include manufacturing of spare parts, radar systems, detection systems, instrumentation parts, and light trucks.

Make-III: The Centre also introduced a Make-III category of projects in October 2020. Similar to Make-II projects, Make-III projects deal with production of defence prototypes, systems, and subsystems. However, these will not be designed or developed indigenously, but manufactured in India as import substitution. In these projects, an Indian vendor can enter into a joint venture with a foreign original equipment manufacturer.

What are the budgetary provisions for 'Make In India'?

For the fiscal year of 2021-22, the **Union Budget** allocated Rs 5.25 lakh crores for Defence – 9.8% higher than the Budget estimates of last year. Of this, the revenue allocation is Rs 2.33 lakh crore, capital allocation Rs 1.52 lakh crore, and defence pensions Rs 1.19 lakh crore.

Under capital allocation for new procurement and past payments, 68% has been reserved for procurement from the domestic industry.

Currently, India's defence and aerospace manufacturing market is worth Rs 85,000 crore with a private investment of Rs 18,000 crores. The value of defence exports in 2020-21 is Rs 5,711 crore. The Centre aims to increase investment to Rs 1 lakh crore in 2022 and Rs 5 lakh crore by 2047.

What are the key projects under Make in India?

The key projects under this scheme include setting up of defence corridors in Uttar Pradesh and Tamil Nadu, and testing of indigenous defence products like Akash Surface to Air Missile System, Dhanush Artillery Gun system, Medium Range Surface to Air Missile (MRSAM), Agni-5, BrahMos, Pinaka Mk-I (Enhanced) Rocket System (EPRS) and Pinaka Area Denial Munition (ADM) rocket systems, helicopter-launched Anti-Tank Guided Missile 'HELINA'.

The government has issued a total of 568 Defence Industrial Licenses to 351 companies, and 117 companies covering 170 licences have commenced production.

Why the recent push for Make in India?

Amid the Russia-Ukraine war, India is awaiting the timely delivery of the **S-400 air defence systems** under a deal signed in 2018. The deal – worth \$5.43 billion – faces looming U.S. sanctions under CAATSA (Countering America's Adversaries Through Sanctions Act). In addition, several new deals are in the pipeline including 12 Su-30MKI aircraft and 21 MiG-29 fighter jets for the Indian Air Force. However, the Defence Ministry is carrying out a review of all direct import deals in a bid to promote domestic manufacturing.