

Budget 2022: In domestic push for defence, quarter of research budget for private players

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People watch the Union Budget at a TV showroom in New Delhi on Tuesday. (Express Photo by Tashi Tobgyal)

In another push to the defence manufacturing industry in India, a quarter of the research and development (R&D) budget of the Ministry of Defence will be set aside for private players, including start-ups and academia, Finance Minister [Nirmala Sitharaman](#) said on Tuesday.

Sitharaman also said over two-thirds of the capital outlay will be earmarked for the domestic industry in the 2022-23 fiscal.



The increase in the share of equipment to be procured from the domestic market is part of the government's flagship campaign for self-reliance in defence.

“Our government is committed to reducing imports and promoting ‘atmanirbharta’ (self reliance) in equipment for the armed forces,” Sitharaman said while presenting the Union Budget 2022. “68 per cent of the capital procurement budget will be earmarked for domestic industry in 2022-23. Up from 58 per cent in 2021-22.”

Defence Minister Rajnath Singh said the increase in capital procurement budget was “in line with the ‘Vocal for Local’ push” “It will certainly boost the domestic defence industries,” he tweeted. He also said the proposal to reserve 25 per cent of the R&D Budget for start-ups and private entities was “an excellent move”.

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The “58 per cent” capital procurement budget Sitharaman mentioned in her speech was the allocation in 2020-21, when such a component was set aside for the domestic defence industry for the first time. In 2021-22, the government had actually earmarked 63 per cent of the capital outlay for domestic sources.

Commenting on the budget announcements last year, Rajnath Singh had said the ministry had “planned to invest about 63 per cent of the outlay for 2021-22 on domestic procurement, about Rs 70,221 crore for domestic defence procurement”. He had said the increase will positively impact enhanced domestic procurement and have a “multiplier effect on our industries, including MSMEs and start-ups”. It would also increase the employment in defence sector, he had said.

On R&D in defence, Sitharaman further said the private industry will be encouraged to take up design and development of military platforms and equipment “in collaboration with DRDO and other organisations” by creating Special Purpose Vehicles.

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To promote testing and certification from private entities, she said, “an independent nodal umbrella body will be set up for meeting wide-ranging testing and certification requirements.”