

Rising Atmanirbharta in Defence Sector

India's strategic goal of self-reliance in defence as a core element of its growing national power and international profile was once again explained in lucid terms by the Prime Minister Narendra Modi in an address to the country during a seminar on 'Atmanirbharta in Defence: Call to Action', organised by the Ministry of Defence on 25 February 2022. He emphasised on customisation and uniqueness of military hardware for maximisation of military power. 'Atmanirbharta (self-reliance) is the solution and for uniqueness and surprise element to be added to Indian military power, military equipment has to be developed within India', he said.



BY DEBA R MOHANTY

As the line between the universe of military systems, services, related spin-off (technologies from military to civilian domains) or spin-on (technologies from civilian to military domains) products and wider civilian products are getting blurred day by day, military exhibitions display more and more dual-use systems apart from primarily military intensive products and services. To illustrate further, mainstream military jets and helicopters – combat fighter, transport, reconnaissance, re-fuellers – perform at different exhibitions, while dual use systems like

unmanned systems (both combat and non-combat versions) also find prominent places in such exhibitions. Earlier versions of Defexpo used to be confined to hangers and halls, unlike Aero India, where different types of jets use to display their capabilities in the air, recent versions have started displaying fire powers of systems like main battle tanks or artileries in open to denote a better picture of mainstream combat systems.

Different types of military exhibitions like Defexpo or AeroIndia suggest that India conducts at least two or three big military and dual-use exhibitions every year, organized primarily by Ministry of Defence, Home Affairs and Civil Aviation with active support from various industry bodies like Confederation of Indian Industries (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), Associated Chamber of Commerce (ASSOCHAM), PHD

Chamber of Commerce and Industry (PHDCCI) and many others.

Of late, especially in the last seven to eight years, among other big exhibitions, which are held in the same cities, Defexpo editions have changed locations. From PragatiMaidan in Delhi, Defexpo in recent editions has been held in Lucknow, Chennai and Goa. This time, it will be held in Gandhinagar. If symbolism is of any indication, the three previous venues were held in respective defence ministers' states (late ManoharParrikar – Goa, NirmalaSitharaman – Chennai and Rajnath Singh – Lucknow), this time it is held in Indian Prime Minister's home state.

Variables are the ones, which need attention and autopsy. Defexpo 2022 in all likelihood will see deeper intensity as well as wider diversification in all aspects of military equipment and services. First, unlike previous editions, pre-exhibition webinars and





deliberations have already happened two months before it starts, indicating the degree of seriousness that it could entail for all stakeholders. Second, this edition will also see deliberations of specific subjects than mere general ones. Emphasis on localization of manufacturing, startups, trends in futuristic technologies and indigenous R&D ecosystem, newer business models under changing times (from buyer-seller or government-to-government transactions to customized open business transactions within the confines of Indian laws that are becoming more business friendly). Third, startups, new entrants, MSMEs (micro, small and medium enterprises) and focused R&D will be given more prominence than presence of traditional stakeholders. Fourth, under the broader rubric of AtmanirbharSuraksha (self-reliance in defence). Made in India and Ease of Doing Business in India, this edition will witness partic-

ipation and engagement of stakeholders through a new prism of business transactions. Various schemes like performance linked initiatives (PLI) are likely to be extended to military production sectors, while the Indian government has introduced a series of initiatives to boost military production and R&D, where the government intends to pump in much desirable funding to the private sector, create a level playing field and handhold the private sector where needed.

Military exhibitions are primarily held to reflect a country's military prowess through display of its own products by national military scientific and industrial complex (MSIC), other countries' military products for comparison and commerce, forum for conduct of military diplomacy, exchange of ideas and future trends in military innovations. On an average, close to 25 countries organize 125 plus military exhibitions every year on

broader domains like land, naval, aerospace or homeland security and specific thematic exhibitions where items like cyber security products and services, artillery or artillery systems and similar items. Two of India's flagship exhibitions - Defexpo and Aero India - have over a period of time attracted global attention and grown in size and contours. While Aero India could now match the prominent air shows organized in Moscow, Berlin, Paris, Farnborough, Singapore and others, Defexpo 2022 could match prominent exhibitions held in UAE, Ottawa, Istanbul, Tel Aviv and elsewhere. The pandemic situation may have impacted on the scale and intensity of such exhibitions, but global trends suggest that enthusiasms of prospective buyers and sellers have not witnessed drastic reductions but instead found ways of business through virtual meets and deliberations.

Growing number of military and military-civilian international exhibitions also reflect a few pointers. First, participation of foreign countries in military exhibitions held by any country denote its abilities to conduct military diplomacy, trade prospects, collaborations among like minded countries. At some exhibitions, potential adversaries are prevented from taking parts in such exhibitions. India neither takes part in military exhibitions held in Pakistan or China, while the latter are also distanced from Indian military exhibitions. Second, different types of military exhibitions denote the degree of military modernizations by big, medium or small powers and their spending capabilities, which, in turn, propels manufacturers and component suppliers to gauge the existing and future opportunities, which, in turn, intensifies company-to-company and government-to-government engagements for military trade. It was observed that between 2004 and 2012, enthusiasm, active participation and strategic jostle among big aerospace OEMs (original equipment manufacturers) during all editions of Aero India during the same period. This is attributable to the 126 MMRCA deal, floated by India, where all major OEMs participated. Interesting to note here is that visits of heads of state like US, UK, France, Germany, Sweden and Spain happened between July and December 2010, when technical bids for 126 MMRCA tender was finalized. They were in Delhi to pitch for their respective companies. This is what is called 'arms dynamic and interplay of global politics in the arms market', to which India was exposed for the first time. Defexpo 2022 may not witness such arms dynamic, but its central objective of making India atmanirbhar (self-reliant) through display of indigenous products and interactions with prospective suppliers for intense business propositions will be nevertheless visible.

Third, military exhibitions are about arms trade and its attached dynamics, at the core of which lies how much financial, material and

industrial resources can countries afford to get the best dividends from deployment of such resources. At one end stands the advanced / major supplier countries, who are ever hungry to grab a piece of the arms procurement market, and recipients as well as partners whose aim would be to get the best price for the deals that they make, on the other. The world spent close to USD 2 trillion on militaries in 2020, out of which close to 40 percent (about USD 800 billion) goes toward military equipment modernization. Unlike in the post-Cold War period, when major countries drastically cut their military expenditure, the world has seen an upward movement to the tune of an average of 2.6 percent since 1999-2000 and has crossed the Cold War peak of USD 1.26 trillion (in

PRIME MINISTER MODI'S CALL FOR ATMANIRBHAR BHARAT (SELF-RELIANT INDIA), WITHIN WHICH DEFENCE AND SECURITY, DUAL-USE AND CIVILIAN MANUFACTURING, INFRASTRUCTURE, DIGITALIZATION, WOMEN POWER (ATMANIRBHAR NARISHAKTI) AND OTHERS ARE INTRICATELY EMBEDDED, MUST BE EXAMINED SINCE THE DAY HE ASSUMED OFFICE IN MAY 2014.

1987) in 2013. It was expected that the global pandemic situation since last two years would reduce the total expenditure, but it has not happened. World spent 2.6 percent more in 2020 compared to 2019. It is not for nothing that no military exhibition was scrapped during this difficult period, at the most some were just postponed. These pointers denote a degree of confidence for military exhibitions to go for intensive military business. Defexpo 2022, by the time it ends, will bear a testimony to this rising trend.

Military Reforms, Indian MSIC and Atmanirbharta in Defence

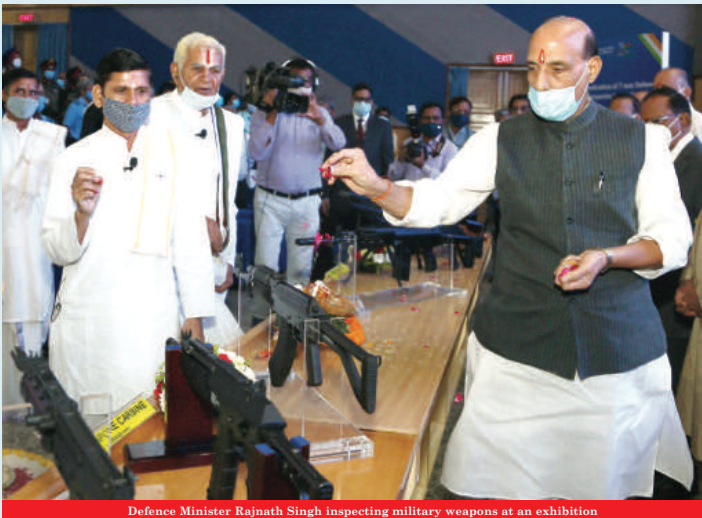
India's strategic goal of self-reliance in defence as a core element of its growing national power and international

profile was once again explained in lucid terms by the Prime Minister Narendra Modi in an address to the country during a seminar on 'Atmanirbharta in Defence: Call to Action', organised by the Ministry of Defence on 25 February 2022. He emphasised on customisation and uniqueness of military hardware for maximisation of military power. 'Atmanirbharta (self-reliance) is the solution and for uniqueness and surprise element to be added to Indian military power, military equipment has to be developed within India', he said.

Prime Minister Modi's call for Atmanirbhar Bharat (self-reliant India), within which defence and security, dual-use and civilian manufacturing, infrastructure, digitalization, women power (Atmanirbhar Narishakti) and others are intricately embedded, must be examined since the day he assumed office in May 2014. This is not to suggest in any way that nothing had happened earlier, but to analyse the changing narratives as well as reforms in larger national military and security architecture that have witnessed both enabling and disruptive initiatives underway since Prime Minister Modi came to power.

Broad objectives of Defexpo 2022 are all intertwined with major aspects of Indian military power in general and Indian MSIC in particular. Even before January 1950, many members of the Constituent Assembly were engrossed deeply in defining India's future power and location in global affairs and finally came to a conclusion that India should be a recognized as a global power with considerable strategic autonomy and this can only happen when India becomes strong and self-reliant. India is still striving for both strategic autonomy and self-reliance despite best efforts. Structural, ideational, institutional and governance deficits aside, a new set of attempts, firmly backed by political will, has been visible in recent times.

As military equipment modernization is part of military power, which in turn is a key element of national



Defence Minister Rajnath Singh inspecting military weapons at an exhibition

power, it is important to examine what has changed in the Indian military and MSIC domains that merit our attention and what do they connote in strategic terms.

Among the many important reform initiatives in Indian military sector through creation of new positions and departments, reviewing and changes in different rules and procedures, new policy announcements as well as proposed new structural arrangements in the last five odd years, largely implementing major recommendations made by Lt General D B Sekhatkar Committee, Indian government has taken many bold new steps that were earlier either kept under carpet or inconclusively deliberated for decades. Proposals for creation of new operational theatre commands (including one for the J&K) primarily through restructuring, con-

tinuous reviewing defence procurement procedure (14 reviews including addendum between 2002 and 2021) and manual, coming out with new

HINDUSTAN AERONAUTICS LIMITED WAS OFTEN PILLORIED FOR INCOMPETENCE, BUT IT NOW BOASTS OF DELIVERING JETS TO THE INDIAN AIR FORCE IN TIME, PARTICIPATES AS FLIGHT DISPLAY MEMBER IN MAJOR INTERNATIONAL AEROSPACE EXHIBITIONS (RECENTLY IT PARTICIPATED IN SINGAPORE AIR SHOW) AND IS READYING ITSELF TO EXPORT FIGHTERS AND COMBAT HELICOPTERS TO COUNTRIES THAT HAVE SHOWN EXPRESSION OF INTEREST.

defence production policy, additional policy induced announcements, major reforms in list of equipment, systems and sub-systems for indigenous production through adherence to both 'negative (import substitution) and positive (indigenization) lists' have been initiated, while decision to offload certain percentage of government stakes in defence public sector units (DPSUs) and listing them in the stock markets (more stake offloads are in the pipeline), creating seven new corporate entities out of the earlier Ordnance Factory Board, all of which may also get listed in the stock market in near future and creation of CDS and Department of Military Affairs (DMA) under the Ministry of Defence are considered bold steps, which reflect exemplary political will of the government of the day.

It is interesting to note that in a

span of half a decade, the often pilloried DPSUs have all started turning around and delivering results. Hindustan Aeronautics Limited was often pilloried for incompetence, but it now boasts of delivering jets to the Indian Air Force in time, participates as flight display member in major international aerospace exhibitions (recently it participated in Singapore Air Show) and is readying itself to export fighters and combat helicopters to countries that have shown expression of interest. It will not be surprising if Indian companies receive expression of interest during the Defexpo 2022 on systems like main battle tanks (MBTs) or different artilleries or land based missiles from countries in Middle East, South East Asia and Africa. Stalls of big giants like Raytheon, BAe or Israeli Military Industries (IMI) in Defexpo are now matched by Indian companies like Bharat Forge, Mahindras, L&T, Tata Advanced Systems Limited, Ordnance Factories, Bharat Earth Movers Limited, Mazagon Docks Limited and others. As most of the DPSUs are now listed companies and increasing their market capital through robust order books, it will not be surprising to see companies like HAL become mega large cap companies or MDL, BEML or BEL become large mid-cap companies in near future. Seen from this prism, Defexpo 2022 is likely to generate more partnership and joint venture possibilities than import items. 65 percent of India's defence capital expenditure budget is now reserved for the domestic industrial sector, ensuring reductions in import bill (as announced in the Union Budget for FY 2022-23). Simultaneous efforts toward making India a formidable arms exporter (signing a historic exports deal worth USD 375 million for supersonic cruise missile Brahmos with Philippines recently with a possible follow-on order in pipeline) with a projected target of USD 5 billion military exports by 2025 have been worked out.

Defexpo 2022 will, in many ways, reflect a better capital budget utiliza-



tion scenario as bulk of manufacturing participants would aim at enhancing their prospects in competing in future acquisition tenders. Capital budgetary allocations for Army, Navy and Para-military forces are increasing by an average of 9 percent per annum for the last seven years. Although 'committed liabilities' (money already earmarked as phased / milestone payments toward large acquisition projects) account for about 75 to 80 percent of the annual capital budget, around INR 60,000 crore are still available for fresh purchases for these services. In addition, capital allocations within revenue budgets (for maintenance, repair and overhaul, military stores, etc.) are also available for use. It has been observed that Indian military, R&D and internal security budgets are heavily tilted toward revenue side (payments toward salaries, pensions, etc.). Despite best efforts by successive governments the revenue-capital imbalance still eludes military planners. Modi government has taken note of this imbalance and tried to generate additional funding through stake sale of DPSUs, monetization of non-strategic military assets like real estate and revenue from military exports. All these will obviously take time, but Indian military sector is already gearing up toward generating additional revenue for future equipment modernization through these routes. India used to witness 'unspent syndrome'

MILITARY BUSINESS IS NOT ALL ABOUT SALE AND PURCHASE OR MILITARY DIPLOMACY. IT IS ALSO ABOUT NEW PRODUCTS, INNOVATIONS, TRENDS IN FUTURISTIC MILITARY TECHNOLOGIES AND IDEAS.

THE ERA OF NUCLEAR OR CONVENTIONAL WARFARE IS STILL NOT IRRELEVANT AS RECENT SECURITY SITUATIONS IN UKRAINE, TAIWAN OR HIMALAYAN BORDERS ENTAIL.



(money returned each year because of non-use of allocated capital allocations) for years. However, last decade has witnessed remarkable improvements as gaps between 'actuals' (actual final spending), 'revised estimates' (revised spending) and 'budget estimates' (allocations for the current year) are narrowing, indicating that armed and security forces have been able to fully utilize total money allocated to them. From resource alloca-

tions prism, India still is one of the largest military acquisition markets in the world and events like Defexpo provide a big platform for existing and prospective sellers.

Military business is not all about sale and purchase or military diplomacy. It is also about new products, innovations, trends in futuristic military technologies and ideas. The era of nuclear or conventional warfare is still not irrelevant as recent security situa-

tions in Ukraine, Taiwan or Himalayan borders entail. Sub-conventional and non-state security issues not only exist but more importantly keep the affected states on their toes all the time. Emerging and future security challenges like militarization of space, cyber warfare or related forms of non-contact / remote warfare have already emanated or threaten to sprout at different parts of the world, putting not only military but also crit-

ical civilian strategic assets like large industrial infrastructure, banking and financial services, virtual platforms, etc in danger. Considerable amounts of thought would be devoted toward conceptualizing, mitigating and eliminating such threats through seminars and conferences at Defexpo 2022. All such colloquia organized by agencies like DRDO and others will deliberate on such issues. For example, while Navy Headquarters' seminar will

INDIA'S RESILIENCE AND MILITARY MIGHT HAVE BEEN DEMONSTRATED IN THE LONG MILITARY STAND-OFFS WITH CHINA IN THE HIMALAYAN BORDERS, WHICH STILL CONTINUE. ITS LOCATION AS A GLOBAL LEADER HAS BEEN NOTICED NOT ONLY IN GLOBAL ISSUES LIKE CLIMATE CHANGE OR MARITIME SECURITY BUT MORE IMPORTANTLY AS A POLITICO-DIPLOMATIC POWER IN COMPLEX SECURITY SITUATIONS LIKE IN UKRAINE WHERE IT HAS TAKEN A NUANCED YET PRINCIPLED STANCE.

deliberate on 'manned-unmanned force mix for armed forces', DRDO sponsored event will focus on a 'military R&D eco-system model for India' and Synergia Foundation will examine 'outer space deep ocean and cyber world as new conflict zones, among other topics. IDEX (Innovations for Defence Excellence), a novel platform under the Defence Innovations Organization (DIO), established in 2018 to bring together industries, including MSMEs (Micro, Small and Medium Enterprises), startups, individual innovators, academia and R&D institutions will conduct a mega event -Manthan 2022 - for not only bringing in key stakeholders but also aim for generating interests among investors for investment in Indian military R&D and industrial domains. Defexpo 2022 has come a long way from a grand platform for OEMs and suppliers for product display to embrace now age stakeholders like startups, academia-industry partnerships to venture capitalists. It will not be surprising to see squeezing of space for big arms gorillas and corresponding increased space for accommodation of marmosets like tiny startup and MSMEs.

(The author is a New Delhi-based strategic affairs analyst and Editor, Defence & Security Review, a monthly webzine published by the Society for the Study of Peace and Conflict (SSPC), New Delhi.)