

# New defence production policy: Companies want hurdles removed

Big opportunity for the govt to get in more local content, generate thousands of jobs: experts

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The government's proposed Defence Production Policy 2018 should focus on removing the hurdles for domestic companies, said industry representatives and analysts. There is a big opportunity for the government not only to get in more local content for defence equipment, but also to generate thousands of jobs. Currently, India is one of the largest importers of conventional defence equipment. According to government statistics, about 60 per cent of India's defence requirements are met through imports.

The new policy, mentioned by the Finance Minister in his Budget

speech, seeks to promote domestic defence production by public sector, private sector and MSMEs, a move aimed at achieving self-reliance in defence procurement and production.

"Certain companies will be encouraged to focus on certain aspects of defence production. It will lead to consolidation and scale and make those companies more competitive. It will also create more manufacturing employment. So, it is a step in the right direction," said Arun M Kumar, Chairman and CEO, KPMG in India

The private sector hopes that the new policy will remove bottlenecks for the domestic industry to become competitive in defence manufacturing. "The proposed

plan is a much larger step than the defence offset policy and is a step in the right direction. Defence production as a topic needs specialised support and policy directive from the government. With the right fine print, this can go a long way in helping India realise the objective of becoming a country that manufactures most systems and equipment indigenously, as also export key systems," said Rahul Gangal, Partner at Roland Berger Strategy Consultants.

"With this, there would be a cogent move to link procurement and domestic production as two sides of the same coin. In the best case, our procurement should be largely met by production by local enterprises thereby building a robust defence industrial base," he added. Experts are of the view that a favourable policy framework will drive acquisitions and tie-ups for technology. Amandeep Singh, Head - Defence, Ashok Leyland, one of the largest suppliers of vehicles to Indian army, said: "Under make in India, a lot of emphasis has been given for defence manufacturing. Today, technology is available everywhere and companies can collaborate or buy out to boost capabilities. If the bottlenecks are removed for production, I think India can really take off in this."



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