

Negative Imports List for Defence

January 28, 2021

In News: The Defence Ministry announced a list of 101 items that it will stop importing.

Negative Imports List for Defence

- It essentially means that the Armed Forces—Army, Navy and Air Force—will only procure all of these 101 items from domestic manufacturers.
- The manufacturers could be private sector players or defence Public Sector Undertakings (DPSUs).

FOREIGN MFG TIE-UPS ALLOWED

WHEN | 101 weapon systems and platforms from abroad will be progressively **banned from Dec 2020 to Dec 2025**

WHAT | Some types of ammo, sonar, radar, artillery guns, assault rifles, missile destroyers, transport aircraft, light combat helicopters, wheeled armoured fighting vehicles, conventional diesel-electric subs and communication satellites

260 deals worth ₹ 3.5 lakh crore for products being embargoed were contracted between April 2015 and Aug 2020

Domestic contracts will be placed in 6-7 years

Indian companies can still tie up with foreign manufacturers to produce notified products in India

“ This decision will offer a great opportunity to the Indian defence industry to manufacture the items in the negative list by using their own design and development capabilities — **RAJNATH SINGH** | DEFENCE MINISTER

TTCN

FOR MORE INFOGRAPHICS DOWNLOAD TIMES OF INDIA APP

Available on the App Store

GET IT ON Google Play

Available on the App Store

Why such a decision?

- **Reduce imports:** As per the Stockholm International Peace Research Institute, which tracks defence exports and imports globally, India has been the second-largest importer between 2014 and 2019 with US\$ 16.75 billion

worth of imports.

- **Boost domestic industry:** By denying the possibility of importing the items on the negative list, the domestic industry is given the opportunity to step up and manufacture them for the needs of the forces.
- **Boost exports:** The government has been hoping that the defence manufacturing sector can play a leading role in boosting the economy, not just for the domestic market, but to become an exporter as well.

Items included in the negative list

- water jet fast attack craft to survey vessels, pollution control vessels, light transport aircraft, GSAT-6 terminals, radars, unmanned aerial vehicles, to certain rifles, artillery guns, bulletproof jackets, missile destroyers, etc.

Impact of the move

- The items in the list are of proven technologies and do not involve any critical or cutting-edge technology for a next-generation weapon system or platform.
- Little benefits for domestic players in the short-run: Against each of these items are mentioned a year when import embargo would kick in, leading to apprehensions that demands will be placed with foreign vendors until then, leaving very little for domestic producers.
- The biggest challenge for the government and the armed forces will be to keep this commitment to domestic producers in the event of an operational requirement.