

Def min finalises big pvt role in arms production

To Start With Jets, Copters, Subs & Tanks

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New Delhi: The broad contours of the long-awaited “strategic partnership” policy to boost the Indian private sector’s role in production of cutting-edge weapon systems, in collaboration with global armament majors through joint ventures here, was finalised by the Centre on Saturday.

The defence acquisitions council (DAC), chaired by defence minister Arun Jaitley, also gave the green signal to the Army to go ahead with its long-term plan to induct three squadrons (39 choppers) of attack helicopters

A MESSAGE TO DRDO, OFB?

➤ Policy seems to be a message to DRDO, 5 defence PSUs, 4 shipyards and 41 factories under OFB that they have **failed to deliver the goods over decades**

➤ As a result, **India is still forced to import 65% of its military requirement**, and hence can be strategically choked by foreign powers at any time

for its three “strike” corps, among other modernisation proposals, said sources.

The main takeaway was the strategic partnership policy under the “Make in India” thrust of the Modi government, which initially opens up four major segments of fighter jets, helicopters, submarines and ar-

moured vehicles (tanks and infantry combat vehicles) for private sectors players.

TOI was the first to report that the policy would be cleared by the DAC this month as a major step towards building a robust domestic defence-industrial base.

India still imports 65% of its military requirement and can be strategically choked by foreign powers in times of conflicts.

The policy, which will now go to the cabinet committee on security for final approval after the “smaller details” are worked out, is a clear message to the DRDO and its 50 labs, five defence PSUs, four shipyards, and the 41 factories under the ordnance factory board (OFB) that they have largely failed to deliver the goods over the decades.

► **‘Financial strength’, P 13**

Def min will select cos on basis of financial strength

► Continued from P 1

However, due to the stiff resistance put up by the public sector lobby against the SP policy, defence PSUs, shipyards and OFB will also be eligible to compete with private sector companies for selection as SPs in the submarine and armoured vehicle segments.

As per the SP roadmap, which will take almost a year to unfold, officials said only one company will be selected as the SP at a time in each of the four segments in “a transparent and competitive process” for the long-term partnership.

The defence ministry will select the companies on the basis of adequate financial strength (Rs 4,000 crore in annual turnover over the last three fiscals, capital assets of Rs 2,000 crore etc), demonstrable manufacturing and technical expertise, existing infrastructure and the ability to absorb technology from their foreign

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partners. A company’s record of “wilful default, debt restructuring and non-performing assets” will also be taken into account by the defence ministry.

The foreign companies or original equipment manufacturers (OEMs) will be selected, in a separate but parallel process, primarily on the basis of the “range, depth and scope” of the transfer of technology (ToT) they are willing to offer. Other criteria will include the indigenous content, eco-system development, supplier base and future R&D, among other things.

“The policy is aimed at developing the defence in-

dustrial ecosystem in the country through the involvement of major Indian corporates as well as the MSME sector. It will give a boost to the ‘Make in India’ policy and set the Indian industry on the path to acquire cutting-edge capabilities which will contribute to the building of self-reliance in the vital sector of national security requirements,” said an official.

“The Indian industry partners would tie up with global OEMs to seek technology transfers and manufacturing know-how to set up domestic manufacturing infrastructure and supply chains,” he added.

The SP policy was to be part of the new Defence Procurement Procedure (DPP), which came into effect in April 2016. But it could not be finalised till now, further delaying the proposed projects for a new fighter production line and the Rs 70,000 crore project to build six new-generation stealth submarines.