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# Manufacturing centres, R&D, skilling, new tech needed for Atmanirbharta in defence: DG SCOPE

“The corporatisation of the Ordnance factories was a major reform by the Central Government. This reform led to the conversion of the Ordnance Factories Board (OFB) into seven Public Sector companies which are unleashing new growth potential and innovation in the defence sector.”



Atul Sobti, Director General, SCOPE

In 2023, Defence Acquisition Council, chaired by Defence Minister Rajnath Singh, approved proposals worth over ₹3.50 lakh crore to enhance the operational preparedness of India's Armed Forces.

Several landmark

achievements were made by the Ministry of Defence, in 2023, towards making India self-reliant in defence technologies and platforms. The country witnessed record defence exports and all-time high defence production. A significant part of the credit for the high growth of the defence sector goes to the Public Sector Enterprises (PSEs) which demonstrated remarkable efficiency in upgrading their technologies and scaling up their manufacturing.

Atul Sobti, Director General, SCOPE, in conversation with Anoop Verma, Editor (Desk), ETGovernment, sheds light on the contributions that the PSEs are making in making the country self-reliant in natural resources and defence products.

**Edited excerpts:**

**The Government of India is aiming to make India self-reliant in natural resources and critical minerals. How are the Public Sector Enterprises contributing in the achievement of this vision?**

India's Public Sector Enterprises are making significant contributions in natural resources and critical minerals. Recently, the Geographical Survey of India discovered Lithium deposits of over 5.9 million tonnes in Jammu & Kashmir. Lithium is used in the manufacture of electronic batteries—if India is to be a major global player in the electronics sector, then the country needs large quantities of Lithium. Several PSEs, along with private sector companies, are working to exploit the Lithium resources of J&K for our domestic industry.

Considering the unique properties of critical minerals and natural resources and their diverse uses, the Government of India has ministries which focus on particular types of natural resources. If we see closely, there is the Ministry of Steel with PSEs like SAIL, MOIL and NMDC; Ministry of Mines with PSEs like Mineral Exploration Corporation Limited and NALCO; Ministry of Coal with PSEs like Coal India Limited and NLC Limited; Ministry of Petroleum and Natural Gas with PSE's like ONGC, BPCL, HPCL and GAIL. Through these and other PSEs, the country's public sector plays a dominant role in the area of natural resources.

**What steps can be taken by these PSEs to bring more efficiency in the process of extracting natural resources?**

With economic growth and rise of consumer culture, there is a massive rise in the demand for critical minerals and natural resources. The leaders and employees of Public Sector Enterprises understand that it cannot be business as usual and they have to go an extra mile by further improvising their productivity in order to fulfill the needs of our growing economy. For improving productivity, I believe that there has to be heavy investments in R&D and skill development. We have to keep improving the technologies that are being used for exploration and mining of natural resources, and we have to keep upgrading the skills of our Public Sector employees. A series of actions have already been undertaken by many PSEs in this regard.

**The Defence Minister recently announced that India's defence exports have surpassed Rs 21000 crore for the first time. How is the Public Sector contributing to the growth of the defence sector?**

The Defence sector is one area where 'Make in India' has been very successful. According to the data from the Department of Public Enterprises (DPE), there are 22 defence PSEs in the country. Much of the indigenous defence production is being handled by these PSEs. The corporatisation of the Ordnance factories, in October 2021, was a major reform by the Central Government. This reform has led to the conversion of the Ordnance Factories Board (OFB) into seven Public Sector companies which are unleashing new growth potential and innovation for the defence sector. Most of these new PSEs have already become SCOPE members.

In addition to these defence PSEs, there are other PSEs which are not included in the defence sector but have been for decades contributing massively to the country's defence needs. For instance, BHEL is a major defence producer. I was earlier the CMD of BHEL and I am proud of the work



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that this company is doing. In the last 40 years, this company has been involved in the manufacturing of several types of defence equipment. The Super Rapid Gun Mounting system (SRGM) which is used on Indian Navy's warships, is being manufactured by BHEL. Earlier, BHEL was involved in manufacturing of armored recovery vehicles and components for main battle tanks.

**What kind of growth are you expecting in the defence manufacturing sector in the country?**

India ranks among the top four military spenders in the world, after the USA, China and Russia. This implies that the size of the domestic market for defence products is very large and continues to grow exponentially. Another factor that is driving growth in the defence manufacturing sector is exports. As you pointed out earlier, the Defence Minister has recently announced that India's defence exports have surpassed ₹21,000 crores. A major part to these exports is attributable to PSEs. Recently, the honorable Prime Minister appreciated the record manufacturing by HAL resulting in Asia's largest Helicopter Factory in Karnataka.

Given the prowess of the Public Sector, the fraternity shall continue to play a dominant role in the country's defense exports especially as the estimated exports could cross Rs. 50,000 crore in the next three years.

**What are factors that enable the PSEs like BHEL to excel in the production of defence related and other high technology systems and products?**

There are three factors that are important for defence manufacturing: facilities, skilling and technology. BHEL can produce high technology defence products because it has several advanced facilities. In fact, some of the equipment used in the Chandrayaan mission was manufactured in BHEL's facilities. As far as the aspect of skills is concerned, the Public Sector employees are second to none, not just in India but the world. They are highly motivated and experienced. But they need to be provided the right kind of skills and the opportunities.

Then there is the aspect of technology. There are three kinds of resources for technology: in-house R&D, technology transfer and joint venture development. The spend on R&D by the industry needs to be stepped up. The public sectors is already significantly investing in R&D but the budget has to be much higher than what it is today. The platforms needed for the defence sector typically need very large investments and this becomes a constraint for the private sector, and this necessitates large Public Sector spending for researching and developing defence systems.

## **What are the key initiatives that India can take to become self-reliant in defence?**

India ranks among the world's biggest defence markets. To make progress in defence manufacturing and technology, we need to first of all identify the areas where we want to excel: These areas can be related to telecom, warships, artillery, armored vehicles and other defence platforms. Then we need to drive indigenization, and this has to be done jointly by the public and private sectors together. But the indigenization drive will not reach its full potential unless we work on the area of technology transfer. The multinationals which sell their defence products in India must also share their technology with us. The Government of India is already taking steps to ensure that technology transfer does take place in favour of the Indian companies. But a more robust approach towards the same will contribute significantly to the success of the Make in India programme in the defence sector.