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India's Foreign Arms Dependency

Why in news?

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Parliament's Standing Committee on Defence released a new report

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What are the findings of the report?

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- This report is an authoritative declaration from the government of India.
- The United States has been India's biggest supplier of weapons platforms over the past three years.
- It is followed by Russia, Israel and France in that order.
- India concluded contracts worth around Rs 29 crore with the US during 2013-14, 2014-15 and 2015-16.

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INDIA'S FOREIGN ARMS PARTNERS

₹ cr

	2013-14		2014-15		2015-16		Total
	Contracts	Value	Contracts	Value	Contracts	Value	
Russia	2	1,342	7	6,085	3	947	8,374
Israel	5	3,751	1	875	4	2,979	7,605
USA	7	6,787	2	58	4	22,050	28,895
France	2	299	3	1,537	0	0	1,836
Others	5	1,072	5	2,707	6	3,195	6,974
Total	21	13,251	18	11,262	17	29,172	53,685

Source: Standing Committee on Defence, Report No. 31

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- India also signed contracts worth around Rs 7000 crore with others, which include Germany, the UK, Ukraine and Poland.

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- The committee also demolishes the myth of substantial indigenous production by citing orders placed on defence public sector undertakings (DPSUs) and Ordnance Factories (OFs).

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- The report details the extent to which orders for “indigenous” weapon systems and equipment actually pay for imported equipment.

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INCREASED IMPORT RATIO BECAUSE OF DPSUs' FOREIGN BUYS

₹ cr

	Total capital spend	Paid to foreign vendors*	Paid to Indian vendors*	Import-Indian ratio	Diverted abroad by DPSUs*	Adjusted payment abroad	Adjusted payment to India	Actual Import-Indian ratio
2013-14	66,821	35,245	31,576	53 : 47	18,274	53,519	13,302	80:20
2014-15	65,584	25,985	39,599	40 : 60	14,781	40,766	24,818	62:38

* According to MoD figures provided to Standing Committee; # figures from IDSA publication, by Laxman Behera

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- This is because the equipment supplied by DPSUs and OFs contains many components, sub-systems and systems acquired from foreign vendors.

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- e.g Hindustan Aeronautics Ltd retains the import content of the Sukhoi-30MKI fighter at 44%, even after building it in India under licence for over a decade.

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Source: Business Standard

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