



Centre for Air Power Studies

From Arms-Importer to Arms-Exporter?: A Paradigm Shift

*Dr. Sitakanta Mishra,
Research Fellow, CAPS*

Speaking aboard India's largest aircraft carrier INS Vikramaditya, Prime Minister Narendra Modi reportedly said on 14 June that "Not only we should be self-reliant we also should provide them (defence equipment) to small countries. The small countries should feel secure that they have India-produced defence equipment."¹ Modi's vision of transforming India from an arms-importer to an arms-exporter indicates a paradigm shift in national political will and ideals with far-reaching implications.

First, India, for decades, has opposed arms exports on ideological grounds. In fact, arms supplies by Superpowers to countries in India's neighbourhood have always been India's concern. Therefore, for the country to supply weapon systems to others is a paradigm shift.

Second, given its past stance, India has little experience in, and supporting policy framework in place for arms exports. The first major export of an indigenously designed system was the seven Dhruv advanced light helicopters (ALHs) bought by Ecuadorian Air Force for USD 50.7 million in 2008. But this deal proved to be a loss mainly for under-pricing of the system and penalty for delays in delivery.² Furthermore, when the domestic defence production establishment/industry is unable to meet local needs, export of sophisticated items seems unrealistic at this juncture.

Third, several procedural and policy hurdles have to be overcome before aiming for an expanded defence industry that could improve India's export figure: which system

and model to be exported; what criteria to be adopted to select the export destination; what would be the export cost and payment methods; any specific mechanism for export of joint-venture systems; how to deal with international reaction, etc.

Defence Research and Development Organization (DRDO) Chief Avinash Chander was quoted as saying that “we have to lay down policy norms and methodologies how to work out” and it would take about one- and a-half-years to begin supplies once clearance is accorded.³ This he was saying in the context of export opportunity for short-range missiles like BrahMos as more than a dozen countries have expressed interest in importing them including Vietnam, Indonesia, Brazil, Venezuela, South Africa, Chile, etc. Though India seems keen to tap the export opportunity with global cruise missile market estimated to be worth around \$10 billion in the coming decade, there has been opposition from some quarters in Russia.⁴

BrahMos International has participated in many international exhibitions and some countries have shown interest to buy particularly the naval and coastal defence versions of BrahMos. Even several countries were interested in acquiring India’s Akash SAM system, Tejas light combat aircraft, Prahar class of missiles.⁵ But it seems no decision has been taken yet by the Government regarding the countries to whom the missile can be sold. Reportedly, the Indo-Russian Inter-Governmental Commission for Military Technical Cooperation has the approval for export of BrahMos missiles.⁶ According to Avinash Chander, India and Russia are “discussing the methodology for developing the export potential as well as a policy mechanism for export of weapon systems”.⁷

Undoubtedly, Indian weapon systems would be cheaper since local production costs are lower. Chander has said that India could produce long-range strategic missiles that China sells to Saudi Arabia at a third or quarter of their cost. BrahMos is finalizing its Mini version (BrahMos-M) to be flight-tested in 2017,⁸ and BrahMos Aerospace is confident that this will open a huge market for the company with specifications that very few competitors will be able to match. According to Praveen Pathak, General Manager for market promotion and export, BrahMos is expanding production to meet expected demand for thousands of missiles for which a second manufacturing facility is ready and additional facilities are coming up.⁹ The export plan of BrahMos aims to sell first 1,000 units to “friendly” countries. With this demand, BrahMos aims at creating an order book of \$13 billion. To attain this goal, Chander has suggested a “single-window clearance” in a “time bound” manner.

However, real export of BrahMos will start once the domestic defence requirements are met.

Since 2010 India is one of the largest buyers of arms in the world. But the emerging political desire and enthusiasm of the scientific establishment to transform India into an exporter marks a major shift in India’s strategic discourse. Though India has been involved militarily in the internal affairs of its small neighbours around eleven times

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since independence,¹⁰ so far it has restrained transfer of arms to other countries for strategic and financial gains, mainly on moral or ideological grounds. The new government, however, wishes to make India “a global platform for defence hardware manufacture” by strengthening the DRDO and foreign direct investment (FDI) in selected defence industries¹¹, India can embark on a “missile autonomy mission” in order to be self-reliant in most missile requirements and tap the global demand for missiles for financial gains.

In pursuit of preparing India for the arms trade, a few prerequisites need to be in place. First, judicious use of FDI in defence manufacturing in a phased manner would be the starting point to get broader market access. Second, better technology and indigenizing them to cost-effective parameters would be the key to bolster this sector. Third, an effective management and fulfilment of off-set obligations arising out of collaborations must be part of the management culture of the defence industry. Fourth, domestic private industries must be given a larger share in design and production of military hardware and platforms in a competitive environment. To foster this, a controlled transfer of technological know-how to them is warranted.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Notes

¹ PTI, “Govt to Work on Policy Framework for Missile Exports: Chander”, <http://www.newindianexpress.com/nation/Govt-to-Work-on-Policy-Framework-for-Missile-Exports-Chander/2014/06/15/article2281957.ece>, June 15, 2014.

² Rahul Bedi, “DRDO Chief Says India is Ready to Become Major Exporter”, <http://www.janes.com/article/39892/drdo-chief-says-india-is-ready-to-become-major-exporter>, June 23, 2014.

³ “Missile Export Potential is Huge”, <http://icast.org.in/news/2014/jun14/jun18BLc.pdf>, June 18, 2014.

⁴ Rajat Pandit, “India, Russia may Export 1,000 BrahMos”, <http://timesofindia.indiatimes.com/india/India-Russia-may-export-1000-BrahMos/articleshow/1410581.cms>, June 24, 2007.

⁵ “India Can Export Fighter Planes, Missiles, Says Defence Research Chief”, <http://www.ndtv.com/article/india/india-can-export-fighter-planes-missiles-says-defence-research-chief-545789>, June 22, 2014.

⁶ “Export Market of Brahmos Missile”, <http://pib.nic.in/newsite/erelease.aspx?relid=64459>, August 09, 2014.

⁷ PTI, “India can Export Fighter Planes, Missiles: DRDO Chief”, http://articles.economictimes.indiatimes.com/2014-06-22/news/50772440_1_supersonic-cruise-missile-brahmos-prahar, Jun 22, 2014.

⁸ Russia Radio, “BrahMos-M Set for a Debut in 2017”, *Defence News*, November 29, 2013.

⁹ Jay Menon, “BrahMos Prepares Reduced-Weight Missile for Export,” <http://aviationweek.com/awin/brahmos-prepares-reduced-weight-missile-export>, February 17, 2014.

¹⁰ SD Muni, *Pangs of Proximity: India and Sri Lanka's Ethnic Crisis*, New Delhi: Sage Publication, 1993, pp. 11-12

¹¹ BJP, *Election Manifesto 2014*, p. 47.