

India's Defence Offset Policy: Challenges & Opportunities

Thursday, 15 December

CLOSING REMARKS

PSM

First and foremost, I would like to express my appreciation to the esteemed speakers and panellists for their valuable contribution to our webinar on India's defence offset policy: challenges and opportunities.

Hearing and learning from panellists have educated all of us here, on the evolution of India's offset policy, the avenues it offers for our growing industries and what is to be done with India's defence offset policy. We received diverse comments and opinions from a range of experts, sparking off a conversation on this important topic. This webinar has helped us to have a better understanding of the opportunities and challenges in this very important sector of the defence ecosystem.

The lapse in offset obligation has amounted to a whopping US\$ 2.24 billion as of last year, this amount could have been used productively if the right steps were taken by our policymakers. Learning from various successful cases around the globe such as Saudi Arabia, Canada, Japan and Israel to name a few, indicate that India can also benefit from the policy, but it would require a whole of government approach.

With the recent initiatives such as DAP (Defence Acquisition Procedure) 2020, Atmanirbhar bharat and Make in India, the Defence Industrial Corridors etc., the environment is ripe for a re-look at our offset policy as also highlighted during the rich discussion. This would aid as India moves towards becoming a major exporting hub.

The ecosystem is expected to catalyse indigenous production of defence and aerospace-related items and reduce India's imports while promoting the

export of these items to other countries. With new outlook, Government may intend to develop a defence manufacturing ecosystem having conducive conditions including supply chain for giving push to production, gaining from Transfer of Technology (ToT), testing and certification to create economies of scale and facilitate development of internationally competitive defence enterprises in the country.

As mentioned during the panel discussion, there needs to be a re-think given to the objectives to facilitate innovation-based transformation. This would require designing and addressing the loopholes in the offset policies of the past.

Following today's deliberations, it is evident that the offset policy needs to aim at a new National Offset Policy (NOP), which would target overall economic development and Industrial benefit.

A renewed National Offset Policy will not only benefit in achieving the target of 5 trillion of US\$ economy, but generate much required employment generation, innovation and getting latest technology to India. This would be advantageous as we face a two-front border threat in this everchanging geo-strategic world.

In this vein, there are three main objectives of a renewed offset policy, economic development, technology transfer and Industrial benefit.

As also mentioned by the panellists before me, I would also like to flag the need to harp spinoff effects from defence industrial base to other sectors.

The spinoff effects can be a direct flow from the offset policy like that followed by Canada or an indirect spill-over to another sector.

Diversifying to other sectors would ease up procurement process, widen the scope of offset to more civilian sectors have many positive trickle-down effects. Overall, it should focus not on one sector but have an over-all effect for the entire economic growth.

Lastly, looking at the successful single window management of offsets like Saudi Arabia, Israel and Spain we must relentlessly and resolutely propose that Defence Offset Facilitation Agency (DOFA) which currently functions under MoD to be moved out of MoD. We propose it to be moved to the Ministry of commerce & Industry or Department of Economic affairs.

This would be in the larger interest of the Indian economy and help manage the whopping offset lapses and check other imbalances and hurdles.

With the culmination of this rich debate, we hope to move from conversation to action, can relay and amplify the agenda to our policymakers.

Finally, my deepest thanks for the attendees and panellists and of course Subimal as Moderator for their valuable contributions and a fruitful discussion.