



SPECIAL REPORT

'MADE IN INDIA' SMALL ARMS



Inauguration and Unveiling of the Punj Lloyd and IWI Small Arms Manufacturing Facility in Madhya Pradesh by the Honourable Chief Minister of Madhya Pradesh, Shri Shivraj Singh Chouhan and the Honourable Minister of Rural Development, Panchayati Raj, Drinking Water & Sanitation, Shri Narendra Singh Tomar

PUNJ LLOYD gets its defence business right in small arms, and has made a smart move along with Israel Weapons Industries to launch into defence manufacturing for products that already have a huge market in India

"This is the first opportunity for the country to get its own 'Made in India' small arms. The need of the hour is to replace the country's defence weapons with sophisticated and high precision products and Punj Lloyd Raksha Systems is the answer to the country's immediate need," said Punj Lloyd Chairman Atul Punj, in response. "These are tried and tested battle proven products already being used within the country. It is the first time in India that we are coming together with the complete technology to manufacture these 'Made in India' products," he said.

"Israel's Ministry of Defence fully and wholeheartedly supports this cooperation and will continue to support the transfer of technology and information in the future also, for the betterment of improved advanced tools. Israel and India consider their defence industry cooperation as a monumental step forward towards a future of immense potential," said Israeli SIBAT Head Michel Ben-Baruch.

"Celebrating 25 years of diplomatic ties now, India and Israel's growing partnership is multifaceted and ever expanding. The relationship is built on the strengths of each country, contributing to the security and prosperity of both peoples. I applaud the establishment of joint ventures, such as between Punj Lloyd and Israel Weapons Industries, taking up Israeli President Rivlin's call for Israel to 'Make in India, Make with India'. I hope to see many more such joint endeavours ranging from Security to Food Security, Water to Cyber, Start-up to Space," said Israel's Ambassador to India, Daniel Carmon.

Punj Lloyd brings strong capabilities

After about a decade of dabbling in the defence sector, and after being an infrastructure company for the longest time, Punj Lloyd has finally got its military business strategy right - a focus on small arms. In an exhibition of its confidence on a decade-old partner, Punj Lloyd has joined hands with Israel Weapon Industries (IWI) to set up India's first private sector small arms manufacturing plant at its Malanpur facility in Madhya Pradesh.

On 4 May, Punj Lloyd opened its facility for making Israeli small arms components at the Malanpur facility, as a first step towards ultimately making whole systems for the small arms family from IWI. This is also Israel's first step towards achieving its targets to bag orders from the Indian Army to meet its requirements for a list of small arms, including the standard assault rifle to replace the Indian IN-SAS rifle.

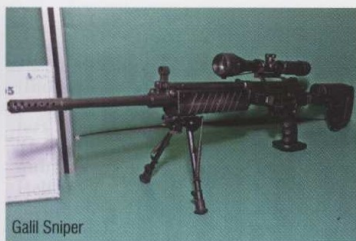
The two companies have come together to establish a joint venture under the name of Punj Lloyd Raksha (PLR) Systems and they are awaiting the licence from the Indian government to manufacture whole small arms systems in India soon. The Malanpur facility will be the first private sector small arms manufac-

turing plant in India apart from the Ordnance Factory Board that manufactures it. IWI has a 49 per cent share in the JV, as per the foreign direct investment norms, while Punj Lloyd holds the majority 51 per cent stake.

The inaugural event was presided over by Madhya Pradesh Chief Minister Shivraj Singh Chouhan and the Union Minister for Rural Development, Panchayati Raj, Drinking Water and Sanitation, Narendra Singh Tomar. The joint venture company, Punj Lloyd Raksha (PLR) Systems, will be manufacturing small arms for the Indian defence forces. Now, India-made Israeli small arms will be sold to several export markets globally.

"We are indeed fortunate to have in Punj Lloyd, a reliable and knowledgeable partner. It is after a lot of due diligence in the Indian market that we have identified Punj Lloyd for this partnership. Through this collaboration, we offer the combination of battle proven combat technology of IWI and the proficiency of a renowned Indian business partner. I am extremely upbeat about the opportunities in the sector and confident of contributing to the Make in India programme," SK Group Chairman Samy Katsav said about the joint venture.

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Galil Sniper



Tavor



X 95

in defence across Land Systems, Aerospace, Small Arms and Homeland Security. The objective is to develop genuine force multipliers in providing a decisive edge to the Indian Armed Forces and building a robust indigenous defence industrial base. Some of the group's clients in defence include the Ordnance Factory Board, Gun Carriage Factory at Jabalpur, Hindustan Aeronautics Limited, DLW, AHPL, Fincantieri, SAAB, Toshiba, Metso and Inox Wind among others.

IWI is a member of the SK Group and is a world leader in the production, marketing, design and development of unrivalled weapons for over 80 years. All IWI weapons have been battle proven around the world under adverse and extreme environmental conditions. They include the TAVOR Assault Rifles, three calibre X95 (Assault Rifle & SMG), NEGEV Light Machine Guns, GALIL ACE Assault Rifles, GALIL SNIPER Semi-Automatic Rifle, UZI SMG and JERICO pistols. All these small arms have been considered weapons of choice by governmental, military and police entities, as well as law enforcement agencies around the world, along with commercial markets.

Many of the well-known IWI weapons like the Tavor, Negev, Galil and X95 are already in use in India with the Army's Special Forces, Navy's Marcos, Air Force's Garud, the Border Security Force and the anti-Maoist police commando force COBRA. These are the types of weapons that will now be manufactured at Malanpur, Madhya Pradesh.

This is one of the smartest business moves by both Punj Lloyd and IWI, as well as India and Israel, what with India currently pursuing its 'Make in India' policy vigorously, and the Indian Army already running a contest for 160,000 rifles purchases already and the Air Force, earlier this month, announcing its intention of buying some for its Garud segment through tenders.

Tavor, made by IWI, is already the weapon used by the Indian Army's Special Forces, even as it is searching for replacements to the locally-made Ordnance

Factory's INSAS 5.56 mm standard rifles. Tavor has an opportunity to replace the INSAS with the Indian Army soldier soon. Tavor, if chosen, could be made in India and delivered in India, with Israeli help, if the manufacturing licence comes ahead of the order, or components made for the Tavor in India could form part of the manufacturing done in Israel.

The current Indian Army requirement is for the 7.62 mm bore, instead of the 5.56 mm it had gone in for through the INSAS. The thinking has reverted to shoot-to-kill doctrine, and that requires the 7.62 mm bore, which is more lethal. PLR, according to the company officials, would be able to do Tavors that would be capable of firing both the ammunitions with a slight barrel modification.

With the formation of the JV and opening of the manufacturing unit, IWI has clearly demonstrated its intent to be in India and to do a 'Make in India' as per the defence procurement procedure requirements. This can certainly provide IWI a distinct advantage in the selection process for both the Army and Air Force tenders in India. At a later stage, PLR is also likely to manufacture the other small arms from the IWI stable such as the X95 carbine, GALIL sniper rifle, and NEGEV Light Machine Gun (LMG).

Punj Lloyd has already invested Rs. 350 crore (approximately worth \$55 million, in the aerospace and defence sector and of this, Rs. 25 crore has gone into the small arms plant. When the company gets more orders and more licences, the facility at Malanpur will expand with more investment. To begin with, PLR will make Tavor components, except the barrel, which would be done in Israel. The components will at present be sent to Israel for integration with the Tavor small arms being manufactured there. From there, the global supplies will happen.

Israel will be the first customer of the

PLR joint venture. But the opportunity is huge, as IWI exports almost 90 per cent of the weapons that it makes. In the future, as IWI exports 90 percent of its production, not only the components, but also the weapons fully made in India will find their way into the global market through the company's network.

Punj Lloyd is also looking at the possibility of its getting to revive its plans for ammunition manufacturing. Recently, the government has decided to allow the private sector there, too. If PLR decides to make ammunition, it will be at another fa-



Atul Punj, Chairman, Punj Lloyd at the inauguration

cility away from Malanpur at some other location.

With the kind of opportunity that is now being made available for the private sector in India and the demand for small arms, this is the right moment for PLR to get into small arms manufacturing in India, and that is going to pay huge dividends in the coming years. Punj Lloyd has made a conscious decision to focus on this sub-sector of defence manufacturing in the years to come, bag orders, consolidate on the opportunity, and then look at expansion in other areas of defence manufacturing.

— Geopolitics Bureau