

The Science, Indigenous Technology & Advanced Research Accelerator

**To**

**….**

**PMO, South Block, New Delhi, 110011** 26 May 2025

**Subject: Additional Concerns Regarding Public Procurement Commitments in FTAs**

Dear Sir,

This is in continuation of our letter dated May 19 highlighting the potential risks to national security and economic well-being from allowing foreign entry into our domestic procurement market (attached for ready reference).

As anticipated, reports have emerged that the share in public procurement being offered to the US may exceed that extended to the UK, and that opening will take place in a ***phased*** manner**. This is particularly concerning given that several studies have shown that developed countries don’t give away even a fraction of their public procurement to foreign companies. We are on the verge of signing away an incredibly critical tool hitherto used for our own development.**

It is important that we maintain perspective on the role of trade in our economy. While trade is often presented in absolute figures, GDP is calculated on a value-added basis—this can give the impression that trade occupies a larger share of the economy than it truly does. Notably, countries with far greater trade dependence on the US are adopting a wait-and-watch approach in the face of constant US threats. It would be unwise to concede access to our public procurement markets—which are vital for nurturing domestic industry, especially given recent US treatment/ pin pricks/ utter lack of sensitivity - of us. India continues to face the critical task of bridging the gap with nations like China in terms of economic and technological capacity. Concessions in public procurement could permanently constrain our ability to generate domestic jobs, value addition, and long-term growth ***as the entire ecosystem on which even defence production rests, will be compromised***. Tariff decreases should be enough to placate trading partners since ours are significantly higher than theirs.

Separately, Govt has issued a call to fast-track acquisition of weaponry worth Rs 40,000 crores. We hope that, in light of the lessons from Operation Sindoor—particularly the critical importance of integration without the need to plead for source codes, and the value of indigenous weapons—future acquisitions will prioritize domestically developed equipment.

We also note with concern reports suggesting that the Government e-Marketplace (GeM) portal is being proactively opened to international vendors. May we respectfully ask why such steps are being taken even before the terms of the Free Trade Agreements (FTAs) have been agreed upon and signed?

From our experience in SITARA, we are aware of instances where foreign vendors have attempted to influence the terms of defence and national security-related tenders, sometimes even resorting to replicating technical specifications verbatim to suit their products. In certain cases, **only timely intervention by PMO at our request prevented these attempts from succeeding**. **We are opening the floodgates to massive foreign intervention in even ordinary tenders which MSMEs, let alone our bigger industry, will be unable to counter given the vastly superior resources foreign companies have.**

**It is difficult to reconcile the current direction of policy with the Hon’ble Prime Minister’s visionary and widely appreciated Atmanirbhar Bharat initiative, especially the Public Procurement (Preference to Make in India – PPP-MII) policy, which aims to strengthen domestic manufacturing and safeguard national interest. We cannot give away resources to entities which will end up edging our industry out of its own national market and crippling the economy.**

**In view of the above, we earnestly request that:**

1. **The full text of the procurement-related provisions in the proposed FTAs be made available for public consultation prior to finalization.**
2. **Any proactive or pre-emptive commitments to open public procurement be removed from the FTA negotiations.**

**We are confident that, as in the past, the Hon’ble Prime Minister’s Office will act as the final custodian of national interest and intervene appropriately to ensure that long-term strategic and economic priorities are not lost sight of.**

With respectful regards,

Smita Purushottam, Chair SITARA