

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA
UNSTARRED QUESTION NO. 2278
TO BE ANSWERED ON 29th July, 2022

MILITARY SPENDING

2278. SHRIMATI NUSRAT JAHAN RUHI:

Will the Minister of DEFENCE be pleased to state:

- (a) whether India's military spending is ranked as third highest in the world and if so, the details thereof;
- (b) whether during 2017 to 2021, more than 50percent of defence equipment has been imported; and
- (c) if so, the details thereof along with the development and present status of 'Make in India' scheme being implemented in the defence sector?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

- (a): This Ministry does not maintain expenditure data of other countries. However, as per data available on Stockholm International Peace Research Institute (SIPRI)'s website, India's Military spending for the year 2021 is ranked as third highest in the world as detailed below:

(in Current US \$ Million)

S.No.	Country	Expenditure for 2021
1.	United States of America	800,672.20
2.	China	293,351.90
3.	India	76,598.00

- (b): No, Sir. During 2017-21, the percentage of Foreign Procurement (both Revenue and Capital) made for purchase of Stores/ Defence Equipment has been in the range of 33.97% - 41.60%.

- (c): The present status of 'Make in India' in Defence Manufacturing is listed below:

- (i) 18 major platforms have been approved by the Ministry of Defence for industry led Design & Development under Make I, Make II, SPV Model and iDEX routes.

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- (ii) The share of domestic procurement in the total procurement has been on an uptrend. In 2018-19, the domestic procurement stood at 54% of the total procurement, this figure jumped to 59% in 2019-20 and to 64% in 2020-21. This year it is targeted to further increase the share of domestic procurement to 68%.
- (iii) An innovation ecosystem for Defence titled Innovations for Defence Excellence (iDEX) has been launched in April 2018 to foster innovation and technology development in Defence and Aerospace by engaging Industries including MSMEs, Start-ups, Individual Innovators, R&D institutes and Academia, and provide them grants/funding and other support to carry out R&D which has potential for future adoption for Indian defence and aerospace needs. So far, 125 problems have been opened, 136 startups have been engaged, 95 contracts have been signed.
- (iv) 'iDEX Prime' framework under iDEX has been launched in 2022 to support start-ups with Grant-in-Aid upto Rs 10 Crore to enable the development of high end solutions.
- (v) The Government has also approved a Scheme with an outlay of Rs. 498.78 Crore (2021-22 to 2025-26) to push innovation and support startups in Defence & Aerospace sector. This will enable more than 300 startups to participate in the new design and development projects and also support 20 partner incubators.
- (vi) As part of the efforts to achieve self-reliance in Defence manufacturing and minimize imports by the DPSUs, a positive indigenization list has been notified by the Department. The list contains 2,500 imported items which have already been indigenized and 351 high value imported items which will be indigenized in next 3 years. Out of 351 items, 147 items have already been indigenised.
- (vii) Another list of DPSUs for indigenization of 107 Line Replaceable Units (LRUs)/Sub-systems of high value platform was notified on 28.03.2022. As on date, 4 LRUs have been indigenized; 5 LRUs are at trial stage and 31 LRUs are at design and development stage.
- (viii) An indigenization portal namely SRIJAN has been launched in August 2020 for DPSUs/OFB/Services with an industry interface to provide development support to MSMEs/Startups/Industry for import substitution. So far, more than 21000 Defence items, which were earlier imported, have been displayed on the portal. 388 private vendors have expressed interest in indigenising more than 4700 items and so far 410 items have been indigenized.
- (ix) Separate procedure for 'Make-II' category (Industry funded) has been notified to encourage indigenous development and manufacture of defence equipment. Number of industry friendly provisions such as relaxation of eligibility criterion, minimal documentation, provision for considering proposals suggested by industry/individual etc. has been introduced in this procedure. So far, 72 projects relating to Army, Navy & Air Force, have been accorded 'Approval in Principle'. 38 Acceptance of Necessity (AONs), 05 prototypes developed and 2 procurement contracts have been signed by the Services.

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- (x) Defence Products list requiring Industrial Licenses has been rationalized and manufacture of most of parts or components does not require Industrial License. The initial validity of the Industrial Licence granted under the IDR Act has been increased from 03 years to 15 years with a provision to further extend it by 03 years on a case-to-case basis.
- (xi) Defence Testing Infrastructure Scheme (DTIS) has been formulated for creating 6 to 8 Greenfield Defence Testing Infrastructures in the country. The scheme would help in achieving “Atmanirbharta” in the Defence Testing Infrastructure for the domestic industry.
- (xii) To provide autonomy and enhance efficiency, and unleash new growth potential in Ordnance Factories, the Ordnance Factory Board has been corporatized and converted into 7 new Defence Public Sector Undertakings while safeguarding the interest of all stakeholders. The new Defence PSUs have become operational from 1st October, 2021.
- (xiii) FDI policy has been liberalized with enhanced FDI in Defence Sector up to 74% through the Automatic Route for companies seeking new defence industrial license and up to 100% by Government Route wherever it is likely to result in access to modern technology or for other reasons to be recorded. Significant FDI inflows in Defence and Aerospace sector have been witnessed in last 7 years. From 2001 to 2014 in 14 years, FDI flow was reported worth Rs. 1382 Crore. In last 7 years (2014-15 till date), the FDI inflow has increased by almost 2.5 times, which in absolute terms is Rs.3378 Crores.
- (xiv) Government has established two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu to attract investments in D&A sector and establish a comprehensive defence manufacturing ecosystem in the country. Moreover, the respective State Governments have also published their Aerospace & Defence Policies to attract private players as well as foreign companies including Original Equipment Manufacturers (OEMs) in these two corridors.

Parameters	TNDIC	UPDIC
Investment (value in Rs. Crore)	3176	1767
Land Acquisition (In Hectare)	910	1598
MoU signed (value in Rs. Crore)	41 (11108)	84 (9756)
