

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE  
**LOK SABHA**

**UNSTARRED QUESTION NO. 3819**  
TO BE ANSWERED ON 11<sup>th</sup> August, 2023

**MAKE IN INDIA/AATMANIRBHAR BHARAT ABHIYAN IN DEFENCE SECTOR**

3819. SHRI ABHISHEK BANERJEE:  
SHRI NAMA NAGESWARA RAO:

Will the Minister of DEFENCE be pleased to state:

- (a) whether it is a fact that the fund allocated for defence is a part of self reliance mission of the country undertaken through Make in India/Aatmanirbhar Bharat Abhiyan;
- (b) if so, the details thereof;
- (c) the details of the funds allocated on defence expenditure by the Government across the country during the last five years along with the details of employment generated across firms within industries through initiatives taken under Make in India/Aatmanirbhar Bharat Abhiyan during the said years, State/UT-wise;
- (d) the number of manufacturing firms along with the details of the new firms set up in defence manufacturing sector during the last five years as part of Make in India, State/UT-wise; and
- (e) the measures being taken by the Government to encourage start-ups and MSMEs to invest business in defence manufacturing sector?

A N S W E R

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) & (b): In line with Government of India initiative of 'Atmanirbhar Bharat' and to promote self reliance in Defence Sector, funds under Modernization Budget (Capital Acquisition) for Financial Year 2023-24 has been earmarked in the ratio of 75:25, where 75% i.e. Rs. 99,223.03 Crore is for procurement through Domestic sources and 25% i.e. Rs. 33,078.24 Crore is for Foreign Procurement.

(c): The details of Budget Estimates and Revised Estimates of all 4 Grants (Grants No 19- Ministry of Defence (Civil), Grant No.20- Defence services (Revenue), Grant No.21-Capital Outlay on Defence Services & Grant No.22- Defence Pensions) of Ministry of Defence from Financial Year 2019-20 to 2023- 24 are tabulated below:-

(Rs. In Crore)

Financial Year	Budget Estimates	Revised Estimates
2019-20	4,31,010.79	4,48,820.10
2020-21	4,71,378.00	4,84,736.06
2021-22	4,78,195.62	5,02,883.54
2022-23	5,25,166.15	5,84,791.10
2023-24	5,93,537.64	---

The policy initiatives such as Make in India/ Aatmanirbhar Bharat Abhiyan, have given a push to the growth of Industries including MSMEs/Startups in Defence Sector which has created tremendous employment opportunities. However, no employment data is maintained by Ministry of Defence.

(d): The information, being sensitive in nature, cannot be divulged in the interest of National Security.

(e): Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of Defence equipment by Indian Industry including Micro, Small and Medium Enterprises (MSME) and Startups, there by promoting self- reliance in defence manufacturing & technology in the country. Some of the initiative taken to facilitate MSMEs/ Startups are as follows: -

- (i) Promotion under various scheme like Innovation for Defence Excellence (iDEX), Technical Development Fund (TDF), Make project of Defence Acquisition Procedure (DAP) 2020, encourage participation of MSMEs/Startups in development of Defence Products. Many MSMEs & startups are involved in design & development of defence products under these schemes.
- (ii) To bring MSMEs into the defence supply chain and thereby boost the self reliance of the country in defence and also contribute towards defence exports market, DDP has made a scheme of promotion of MSMEs in defence. Under this scheme funds are provided to industry associations to organize seminars in different parts of the country.
- (iii) For procurement cases where the estimated cost is not exceeding Rs.100 crores/year based on delivery schedule at the time of seeking Acceptance of Necessity (AoN) or Rs.150 crores, whichever is higher, to encourage the Start Ups/ MSMEs and build Industrial ecosystem, the recognized Start Ups/MSMEs in the relevant fields may be considered for issue of Request For Proposal (RFP) without any stipulation of Financial parameters except Insolvency and with General and Technical parameters to be decided on case to case basis.
- (iv) Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers.
- (v) EMD/Bank Guarantee is not required from Micro and Small Enterprises (MSEs) as defined in MSE Procurement Policy issued by Department of Micro, Small and Medium Enterprises (MSME).
- (vi) Public Procurement Policy for MSEs Order, 2012 has been implemented at DPSUs under which the price preference is given to MSME bidders under certain conditions.
- (vii) To encourage start-ups and MSMEs to invest/business in defence manufacturing sector, Rs.1500 Crore has been earmarked in Financial Year 2023-24 for start-ups and MSMEs from the budget earmarked for procurement through Domestic Private Industries which is to the tune of Rs. 24,805.76 Crore. Provisions of Department for Promotion of Industry and Internal Trade (DPIIT) in respect of start-ups/MSMEs is being complied with while procuring items from start-ups/MSMEs.

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