

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:352
ANSWERED ON:20.03.2015
SOPHISTICATED WEAPON SYSTEMS
Raju Shri Gokaraju Ganga

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government proposes to provide a reasonable foothold to the private sector in the defence sector and if so, the roadmap envisaged for the purpose;
- (b) whether the Defence PSUs have been able to provide necessary impetus and infrastructure for the arm and ammunition system especially in the context of 'Make in India' campaign / programme and if so, the reaction of the Government thereto;
- (c) whether the Bharat Electronics Limited proposes to establish factories / industries for manufacturing sophisticated weapon systems in the country; and
- (d) if so, the locations identified for the purpose including the estimated cost of the project, State / UT-wise including Andhra Pradesh and Telangana?

Answer

MINISTER OF DEFENCE (SHRI MANOHAR PARRIKAR)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 352 FOR ANSWER ON 20.3.2015

(a) Yes, Madam. The defence sector was opened to the private sector in the year 2001. The Defence Production Policy 2011 seeks to create conditions conducive for the private industry to play an active role in achievement of the objective of self-reliance in defence development and production of equipment/ weapon systems / platforms.

In pursuance to the Defence Production Policy 2011, the government has taken the following major steps to promote the participation of Private Sector in the indigenous production of Defence equipment:

(i) Technology Perspective and Capability Roadmap (TPCR), which gives out the details of the equipment and technologies required by our Armed Forces, has been put in public domain to provide the industry an over view of the direction in which the Armed Forces intend to head in terms of capability in future.

(ii) Preference to 'Buy (Indian)', 'Buy & Make (Indian)' & 'Make' categories of acquisition over 'Buy (Global)' category, thereby giving preference to Indian industry in procurement.

(iii) The procedure for 'Buy and Make (Indian)' category, has been further simplified in order to make the category more attractive for Indian Defence Industry.

(iv) The Defence Offset Policy, introduced in 2005 is providing significant opportunities for the private sector to develop capacities and manufacturing skills and to export products even when capital acquisitions are made through imports or the 'buy and make' route.

(v) A clear definition of indigenous content has been provided which would not only bring greater clarity on the indigenous content required for different categorization, but also enhance the indigenisation of defence products in India.

(vi) Indian private sector industry has also been allowed to receive Maintenance Transfer of Technology (MToT) in 'Buy (Global)' cases.

(vii) Defence Products List for the purpose of industrial licensing has been revised and in the revised list most of the components / parts / raw materials have been taken out from the purview of the industrial licensing.

(viii) Defence Exports Strategy has been formulated and put in public domain. The Standard Operating Procedure (SOP) for issuing NOC for export of military stores has been simplified and made online
Further improvement is a continuous process in consultation with stakeholders.

(b) Defence PSUs do not produce arms and general ammunition.

(c) & (d): Yes, Madam. Bharat Electronics Limited has already set up a dedicated Strategic Business Unit (SBU) in Bangalore Unit for Missile / Weapon Systems. Further, BEL is in the process of setting up Manufacturing / Integration facility for Missile Systems by acquiring 850 acres of land at Palasamudram village in Gorantala Mandal of Anantpur district, Andhra Pradesh. The total estimated project cost is Rs. 300 crore.