

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

UNSTARRED QUESTION NO.4363
TO BE ANSWERED ON THE 21ST MARCH, 2018

DEFENCE MANUFACTURING

4363. SHRI ADHALRAO PATIL SHIVAJIRAO:
SHRI ANANDRAO ADSUL:
SHRI SHRIRANG APPA BARNE:
SHRI VINAYAK BHAURAO RAUT:

Will the Minister of DEFENCE j{k k ea=h
be pleased to state:

- (a) whether despite the Government's good intentions, domestic defence manufacturing has not taken off in a big way and if so, the details thereof and the reasons therefor;
- (b) whether lack of a long-term defence procurement plan and ill-advised conditions such as technology transfer in a stipulated time frame has hampered defence sector development and if so, the details thereof;
- (c) whether the defence ministry is increasingly falling short of the funds and if so, the details thereof;
- (d) whether various State Governments have submitted proposal for defence industrial corridor project in their States and if so, the details thereof and the action taken by the Government thereto;
- (e) whether the Government need a coherent defence manufacturing policy to achieve the objectives and boost the domestic defence manufacturing; and
- (f) if so, the details thereof and the steps taken / being taken in this regard?

A N S W E R

MINISTER OF STATE (DR. SUBHASH BHAMRE)
IN THE MINISTRY OF DEFENCE

रक्षा राज्य मंत्री

(डा. सुभाष भामरे)

(a) to (f): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF LOK SABHA UNSTARRED QUESTION NO. 4363 FOR ANSWER ON 21.3.2018

(a) No, Madam. The domestic defence manufacturing in the country stands on a strong footing, and in the year 2016-17, the total defence production in the country was worth Rs.61,500 crore approximately.

(b) Does not arise since the Government is pursuing achievement of higher level of indigenisation and self reliance in defence sector through measures including according preference to procurement from Indian vendors under the Defence Procurement Procedure (DPP), simplification of Make procedure, introduction of simplified procedure for Make-II sub-category, liberalization of the licensing regime and Foreign Direct Investment (FDI) policy by raising the cap on FDI in the defence sector, simplification of export procedure, streamlining of defence offset guidelines etc. Recently, the Government has notified the 'Strategic Partnership (SP)' Model which envisages establishment of long-term strategic partnerships with Indian entities through a transparent and competitive process, wherein they would tie up with global Original Equipment Manufacturers (OEMs) to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.

(c) During the last three financial years and current year (upto 31.01.2018), 121 contracts have been signed with Indian vendors and 71 contracts have been signed with foreign vendors for capital procurement of Defence equipment for Armed Forces. The Capital Budget and Expenditure for Armed Forces for the last three years are given below:-

(Rs. in Crore)

Year	Revised Estimates	Expenditure
2014-15	66151.73	65862.38
2015-16	65400.00	62235.54
2016-17	62619.36	69280.17

(d) The strengthening of defence-industrial base of the country is a continuous process and is undertaken by the Government periodically based on the requirements, viability, availability of resources etc. Consequent to the announcement of setting up of two Defence Industrial Corridors in the Budget Speech of 2018-19, Government has received three proposals from the states of Uttar Pradesh, Tamil Nadu and Telangana. Among these three states, Government has decided to set up two Defence Industrial Corridors, one in the state of Tamil Nadu and the other in the state of Uttar Pradesh. These are spanning across Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli in Tamil Nadu and spanning across Aligarh, Agra, Jhansi, Kanpur and Lucknow in Uttar Pradesh (UP).

(e) & (f): The Government has recently announced in the General Budget 2018-19 that the Government will bring out an industry friendly Defence Production Policy 2018 to promote domestic production by public sector, private sector and MSMEs.
