

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE PRODUCTION  
**LOK SABHA**  
**UNSTARRED QUESTION NO.1552**  
TO BE ANSWERED ON 27<sup>th</sup> November, 2019

**ACHIEVEMENT IN DEFENCE PRODUCTION**

1552. DR. MANOJ RAJORIA:

SHRIMATI RITA BAHUGUNA JOSHI:

Will the Minister of DEFENCE be pleased to state:

- (a) the achievements made in terms of weapon systems and ancillaries during the last three years under Make in India;
- (b) the level of indigenisation that has been achieved under Make in India; undertaken towards the same; and
- (c) the initiatives that have been undertaken towards the same; and
- (d) the response of the public and private defence industry to Make in India in defence?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

रक्षा राज्य मंत्री

(SHRI SHRIPAD NAIK)

(श्री श्रीपाद नाईक)

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

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**STATEMENT IN RESPECT OF PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 1552 REGARDING “ACHIEVEMENT IN DEFENCE PRODUCTION” FOR ANSWER ON 27.11.19**

(a) to (d): Government has taken following policy initiatives to promote indigenization and self-reliance in the defence sector: -

- i. Defence Procurement Procedure (DPP) has been revised in 2016 wherein specific provisions have been introduced for stimulating growth of the domestic defence industry.
- ii. A new category of procurement ‘Buy {Indian-IDDM (Indigenously Designed, Developed and Manufactured)}’ has been introduced in DPP-2016 to promote indigenous design and development of defence equipment. It has been accorded top most priority for procurement of capital equipment. Besides this, preference has been accorded to ‘Buy (Indian)’, ‘Buy and Make (Indian)’ & ‘Make’ categories of capital acquisition over ‘Buy (Global)’ & ‘Buy & Make (Global)’ categories.
- iii. FDI Policy has been revised and under the revised policy, FDI is allowed under automatic route upto 49% and beyond 49% through Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded.
- iv. An innovation ecosystem for Defence titled Innovations for Defence Excellence (iDEX) has been launched in April 2018. iDEX is aimed at creation of an ecosystem 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.
- v. The ‘Make’ Procedure has been simplified with provisions for funding of 90% of development cost by the Government to Indian industry and reserving Government funded Make-I projects not exceeding development cost of Rs.10 Crore & procurement cost Rs. 50 Cr per year for MSMEs. The industry funded Make-II Projects not exceeding development cost of Rs.3 Crore & procurement cost Rs. 50 Cr per year have also been reserved for MSMEs.

- vi. Separate procedure for 'Make-II' category has been notified under DPP 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. have been introduced in this procedure.
- vii. 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.
- viii. Government has notified a Policy for indigenisation of components and spares used in Defence Platforms in March 2019 with the objective to create an industry ecosystem which is able to indigenize the imported components (including alloys & special materials) and sub-assemblies for defence equipment and platform manufactured in India.
- ix. Government has decided to establish two defence industrial corridors to serve as an engine of economic development and growth of defence industrial base in the country. They span across Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli in Tamil Nadu and spanning across Aligarh, Agra, Jhansi, Kanpur, Chitrakoot and Lucknow in Uttar Pradesh (UP).
- x. A Policy on 'Utilisation of Third Party Inspection Services' has been notified in May 2018 for effective administration of inspection Services with involvement of third parties and promote Ease of Doing Business for MSMEs and private sector.
- xi. Offset guidelines have been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components, even in signed contracts. Foreign Original Equipment Manufacturers (OEMs) are now allowed to provide the details of IOPs and products after signing of contracts. In order to bring more transparency and efficiency into the Offset discharge process, "Offset portal" has been created in May 2019.
- xii. The Ministry has instituted a new framework titled 'Mission Raksha Gyan Shakti' in November 2018 which aims to provide boost to the Intellectual Property Rights (IPR) culture in indigenous defence industry.

- xiii. Defence Investor Cell has been created in Feb-2018. The Ministry to provide all necessary information including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector.
- xiv. Defence Products list requiring Industrial Licences has been rationalised 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.
- xv. Department of Defence Production has notified 112 items under Public Procurement Order 2017 issued by Department for Promotion of Industry and Internal Trade (DPIIT). The Defence PSUs and OFB are thereby required to give preference to domestic manufacturers while procuring these items in accordance with the said policy.

Many significant new projects including 155mm Artillery Gun system 'Dhanush', Light Combat Aircraft 'Tejas', 'Akash' Surface to Air Missile system, Attack Submarine 'INS Kalvari', 'INS Chennai' etc, have been produced in the India as a part of defence production in the country. In the last three years from 2016-17 to 2018-19 and current year till Sept 2019, Government has accorded Acceptance of Necessity (AoN) to 130 proposals, worth Rs. 263,704 Crore approximately, under various categories of Capital procurement which promotes domestic manufacturing as per DPP-2016. The defence equipment procured through these categories are required to comply with the minimum Indigenous Content prescribed in DPP. Both Indian public and private defence companies are allowed to participate in procurement of capital items as per eligibility criteria prescribed in DPP.

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