

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
RAJYA SABHA
UNSTARRED QUESTION NO. 1165
TO BE ANSWERED ON 13th February, 2023

EXPORT PROMOTION POLICY IN DEFENCE SECTOR

1165 SHRI HARNATH SINGH YADAV:

Will the Minister of Defence be pleased to state:

- (a) whether in a push towards Aatmanirbhar Bharat initiative in the defence sector, Government is going to shelve a number of defence import projects;
- (b) whether Government has chalked out a new defence production and export promotion policy for strengthening defence production within the country and help in their export to friendly foreign countries and if so, the details thereof; and
- (c) whether the said initiative is likely to impact a large number of projects of the Indian Navy, Indian Air Force and Indian Army, if so, the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a)to (c):Ministry of Defence has geared up to promote indigenous production with clear visibility of business. Concerted efforts have been made to prioritise and ensure procurements of defence equipments manufactured by domestic industries. The Defence Acquisition Procedure (DAP-2020) has been amended to permit foreign sourcing only as a matter of exception that too with prior approval of Defence Acquisition Council (DAC), chaired by Raksha Mantri, irrespective of the value of acquisition.

Further, the Government has already taken several policy initiatives in the last 4-5 years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment, there by promoting self-reliance in defence manufacturing & technology in the country. These initiatives, inter-alia, include according priority to procurement of capital items of Buy Indian (IDDM) category from domestic sources under Defence Acquisition Procedure (DAP)-2020; Notification of four 'Positive Indigenization Lists' of total 411 items of Services and three 'Positive Indigenization Lists' of total 3738 items of Defence Public Sector Undertakings(DPSUs), for which there would be an embargo on the import beyond the timelines indicated against them; Simplification of Industrial licensing process with longer validity period; Liberalization of Foreign Direct Investment(FDI) policy allowing 74% FDI under automatic route; Simplification of Make Procedure; Launch of Mission DefSpace; Launch of Innovations for Defence Excellence (iDEX) scheme by involving Startups & Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; Launch of an indigenization portal namely SRIJAN to facilitate indigenisation by Indian Industry

including MSMEs; Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers; Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Earmarking of 25% of R&D Budget for Industry led R&D; Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

Moreover, in order to promote exports, some of the major initiatives taken are:

- (i) A completely end-to-end online portal for receiving and processing export authorisation permission has been developed. The applications submitted on this portal are digitally signed and the authorisation are also issued digitally, at faster pace. Standard Operating Procedure (SOP) for the export of munitions list items have been simplified and placed on the website of the DDP.
- (ii) Two existing Open General Export License (OGEL) for export of Parts and Components/ Transfer of Technology has been revised and one new OGEL for Major Platforms and Equipments has been notified-one time export license, which permits the industry to export specified items to specified destinations, enumerated in the OGEL, without seeking export authorisation during the validity of the OGEL. OGEL has been integrated with end to end online Portal.
- (iii) Export leads received from various stakeholders are being disseminated to the registered Indian Defence Exporters through online portal. This facility helps the Indian defence exporters to quickly respond to export opportunities arising in other countries. The online portal has been upgraded with a feedback mechanism from Indian Industry for online monitoring/ follow-up of the disseminated Export Leads. Total 624 leads have been disseminated through the portal.
- (iv) In order to boost defence exports, webinars are being organized with Friendly Foreign Countries (FFCs) through Industry Associations. Total 39 webinars have been organised since September, 2020.
- (v) Geographical countries/regions have been allocated to DPSUs for focused export promotion of Indigenous Defence Platforms/equipment in their countries of allocation.
- (vi) Subject to strategic considerations, domestically manufactured defence products are promoted through Lines of Credit/Funding. Defence Lines of Credit (LOCs) are extended to sovereign governments to enable them to import goods and services from India on attractive credit terms.
- (vii) Defence Attaches posted in Indian Embassies/Missions abroad have been mandated for export promotion of Indigenous defence products of both public and private sector. Also, a scheme for Export promotion of Indian Defence Equipment Manufactured in India by Indian Defence Attache is in place wherein Defence Attaches are provided financial support to promote export of indigenous defence equipment.
- (viii) A mechanism has been set up to enable Foreign Delegations (both from Government and Services) visiting India to meet Defence Exporters to showcase the wide range of products available for exports and to explore potential areas of interest.