

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

UNSTARRED QUESTION NO.5734
TO BE ANSWERED ON THE 7TH APRIL, 2017

AVIATION EQUIPMENT

5734. SHRI HARIOM SINGH RATHORE:

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

- (a) whether the country is self-reliant in the production of aviation equipment;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) the corrective measures taken by the Government in this regard?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

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(DR. SUBHASH BHAMRE)

(डा. सुभाष भामरे)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA
UNSTARRED QUESTION NO. 5734 FOR ANSWER ON 7.4.2017**

Hindustan Aeronautics Limited (HAL), a Defence Public Sector Undertaking, over the years has produced more than 4050 aircraft, which include 17 types of aircraft/ helicopters of indigenous design and development, 14 types of aircraft / helicopters under transfer of technology from foreign Original Equipment Manufacturers (OEMs). HAL has also manufactured over 4900 aero-engines and overhauled / upgraded more than 11,100 aircraft and 32,400 engines. In addition, HAL has manufactured 2,200 types of Line Replaceable Units (LRUs) out of which more than 600 types of LRUs have been indigenously developed for use on various platforms.

HAL has undertaken upgrade of several platforms like AVRO, DORNIER DO-228, MiG-27, JAGUAR and MIRAGE to maintain an operational relevance and fleet serviceability of aircraft/ helicopters for around 20-30 years of exploitation. HAL has provided necessary impetus to the growth of Aviation industry in India. Today, over 2300 vendors are supporting HAL in terms of component manufacturing, tooling and sub-assembly and in design and development.

With the steps as outlined above, HAL has been contributing in a significant way towards country's self-reliance in the production of aviation equipment.

Further, to achieve substantive self-reliance in the design, development and production of equipment, weapon systems, platforms required for Defence in as early a time frame as possible, Government has launched 'Make in India' initiative. The steps taken by the Government towards creating conditions conducive for the Private industry to take an active role enhancing potential of Small & Medium Enterprises (SMEs) by indigenizing and broadening the Defence R&D base of the country inter-alia include the following:-

- i. A new Defence Procurement Procedure (DPP), 2016 has been promulgated by the Government to take effect from 01st April, 2016 whereby a new category of procurement 'Buy {Indian-IDDM (Indigenously Designed, Developed and Manufactured)}' which has been accorded top-most priority for procurement of Capital equipment. Besides this, preference has been accorded to 'Buy (Indian)' and 'Buy & Make (Indian)' categories of capital acquisition over 'Buy (Global)' and 'Buy & Make (Global)' categories. The 'Make' Procedure has been simplified with provisions for funding of 90% of development cost by the Government to Indian industry and reserving projects not exceeding development cost of Rs. 10 Crore (Government funded) and Rs. 3 Crore (Industry funded) for MSMEs.

- ii. **FDI Policy has been revised. FDI up to 49% is allowed through automatic route and beyond 49% under Government approval route wherever it is likely to result in excess to modern technology or for other reasons to be recorded.**
- iii. **Indian licensing regime for Indian manufacturers has been liberalized and most of the components / parts / sub-systems have been taken out from the list of Defence products requiring industrial license which has resulted in reduction in the entry barriers for new entrants in this sector particularly SMEs. The initial validity of industrial license has been increased from 3 years to 15 years with a provision to further extend it by 3 years on a case to case basis.**
- iv. **Issues related to level playing field between Indian and foreign manufacturers and between Public sector & Private sector have also been addressed. These include Exchange Rate Variation (ERV) protection for Indian vendors removing anomalies in Customs / Excise duties etc.**
- v. **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 not required to indicate the details of IOPs and products at the time of signing of contracts. 'Services' as an avenue of offset have been re-instated.**
- vi. **The process for export clearance has been streamlined and made transparent and online.**
