

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

UNSTARRED QUESTION NO.3322
TO BE ANSWERED ON THE 4TH AUGUST, 2017
PROGRESS OF MAKE IN INDIA INITIATIVE

3322. SHRI MANOJ TIWARI:

Will the Minister of DEFENCE be pleased to state:

- (a) the details of progress made under the 'Make in India' initiative in the defence sector so far;
- (b) the details of foreign and domestic companies setting up plants for manufacturing fighter aircraft in the country under the said initiative;
- (c) the details of defence equipment which are likely to be manufactured by foreign companies under the said initiative; and
- (d) the extent to which the manufacturing cost is likely to be reduced after the implementation of the said initiative?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(DR. SUBHASH BHAMRE)

रक्षा राज्य मंत्री

(डा. सुभाष भामरे)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA
UNSTARRED QUESTION NO. 3322 FOR ANSWER ON 4.8.2017**

1. 'Make in India' in defence manufacturing is primarily driven by capital acquisition of defence equipment and other policy measures taken to promote indigenous design, development and manufacture of defence equipment in the country by harnessing the capabilities of the public and private sector. These measures include according priority and preference to procurement from Indian vendors under the Defence Procurement Procedure (DPP) 2016, liberalization of the licensing regime and 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 Private entities through a transparent and competitive process, wherein they would tie up with global OEMs to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.

2. The Capital expenditure on procurement of defence equipment by three Services, from Indian vendors has increased from Rs.31575 Crore (47% of total Procurement value) in 2013-14 to Rs.41873 Crore (60.5% of total Procurement value) in 2016-17. In last three financial years i.e. 2014-15 to 2016-17, the Government has accorded Acceptance of Necessity (AoN) for 145 proposals worth Rs.399800 Crore approximately, out of which 103 proposals worth Rs.2,46,400 Crore approximately have been approved under 'Buy (Indian-IDD)' , 'Buy (Indian)', 'Buy and Make (Indian)' and 'Make' categories of capital acquisition.

3. After opening up of the Defence Industry Sector for private Sector participation in 2001, so far 342 Letters of Intents (LOIs) / Industrial Licences (ILs) have been issued to 205 Indian companies for manufacture of a wide range of defence items to public / private companies. 13 ILs have been issued to 12 Indian companies for manufacture of fighter aircrafts, helicopter, or their parts / components / assemblies etc in the country.

4. Foreign companies are allowed to have tie-ups with Indian vendors for indigenous production involving Transfer of technology (ToT) under 'Buy & Make (Indian)' and 'Buy & Make' categories of capital acquisition. Some of the major projects approved under these categories in the past three years include 155mm / 52 caliber Mounted Gun system, Extended Range (ER) Rockets for 122mm GRAD Multi Barrel Rocket Launcher, Successor to Air Defence Guns, New Generation Ammunition for 84mm Rocket Launcher, Mine Ploughs Sets etc.

5. One of the objectives of 'Make in India' initiative is to build world class manufacturing infrastructure in the country so as to reduce dependence on imports and to reduce the cost in the long run. However, this being a long term activity, it is premature to assess its impact on reduction in manufacturing cost at this stage.
