

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

UNSTARRED QUESTION NO.6005  
TO BE ANSWERED ON THE 4<sup>TH</sup> APRIL, 2018

**DEFENCE INDUSTRIAL PRODUCTION CORRIDORS**

6005. SHRI BHARAT SINGH:  
SHRI AJAY MISRA TENI:  
SHRI B. SRIRAMULU:

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

- (a) the time by which the defence industrial production corridors are likely to be developed;
- (b) whether the Government has set any deadline in this regard and if so, the details thereof; and
- (c) the steps taken by the Government to develop and nurture intrinsic defence production capability for meeting our defence needs?

**A N S W E R**

MINISTER OF DEFENCE

(SMT. NIRMALA SITHARAMAN)

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**(a) & (b): Consequent to the announcement in the Budget Speech (2018-19) by Hon'ble Finance Minister for setting up of two Defence Industrial Production Corridors in the country, the Government has decided to establish two such corridors, one in Tamil Nadu and the other in Uttar Pradesh.**

**A Detailed Project Report (DPR) will be prepared for setting up of these Corridors. Based on the DPR, the proposal for setting up of defence industrial production corridors covering all aspects namely, timelines, details of expenditure etc. would be decided.**

**(c) As enclosed at Annexure-I.**

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**ANNEXURE-I REFERRED IN THE REPLY GIVEN IN PART (c) OF LOK SABHA UNSTARRED QUESTION NO. 6005 FOR ANSWER ON 4.4.2018**

**Government has taken following policy measures to develop and nurture defence production capability for meeting our defence needs:**

- 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-IDD (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)' and 'Buy and Make (Indian)' categories of capital acquisition over 'Buy (Global)' & 'Buy & Make (Global)' categories.**
- iii. 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.**
- iv. 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.**
- v. Separate procedure for 'Make-II' sub-category has been notified wherein a 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.**
- vi. FDI Policy has been revised and under the revised policy, Foreign Direct Investment (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.**

- vii. **The Defence Products List for the purpose of issuing Industrial Licenses (ILs) under IDR Act has been revised and most of the components, parts, sub-systems, testing equipment and production equipment have been removed from the list, so as to reduce the entry barriers for the industry, particularly small & medium segment. 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.**
- viii. **The process for export clearance has been streamlined and made transparent & online.**
- ix. **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.**

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