

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

UNSTARRED QUESTION NO.6080
TO BE ANSWERED ON THE 4TH APRIL, 2018

MSMEs IN DEFENCE SECTOR

6080. SHRI GAURAV GOGOI:
SHRI JYOTIRADITYA M. SCINDIA:

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

- (a) whether the Government proposes to help Micro, Small and Medium Enterprises to venture into the defence sector globally;
- (b) if so, the details in this regard;
- (c) whether the Government proposes to put in place the integrated Research and Development (R&D) programme with the help of industries and educational institutions to enable the MSMEs to compete in the defence sector globally; and
- (d) if so, the details thereof and the other steps taken or being taken in this regard?

A N S W E R

MINISTER OF DEFENCE

(SMT. NIRMALA SITHARAMAN)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 6080 FOR ANSWER ON 4.4.2018

(a) & (b): The Defence Production Policy aims at achieving substantive self-reliance in the design, development and production of equipment, weapons systems, platforms required for defence through several measures which, inter alia include enhancing the potential of SMEs in indigenisation.

The preamble to the Defence Procurement Procedure (DPP) – 2016, specifically mentions that enhancing the role of Micro, Small and Medium Enterprises (MSMEs) in the Defence Sector is one of the defining features of DPP. Following specific provisions have been introduced in DPP-2016 that would increase the participation of MSMEs in the defence sector:

- (i) In 'Make' category of capital acquisition, Government funded projects with estimated cost of prototype development phase not exceeding Rs.10 crore and Industry funded projects with estimated cost of prototype development phase not exceeding Rs.3 crore are reserved for MSMEs.
- (ii) In addition, it has been mandated to involve MSME associations while carrying out feasibility studies for 'Make' projects. MSMEs have also been granted relaxation in the registration and profitability criteria for consideration as eligible "Indian Vendor" for participation in the 'Make' projects.
- (iii) In the discharge of offset obligations, a multiplier of 1.50 will be permitted where MSMEs are Indian Offset Partners (IOPs).

(c) & (d): Government has set up the 'Technology Development Fund (TDF)' scheme under Make in India initiative. The funding is provided through provisions of grants to public and private sector industry especially MSMEs that may work in collaboration with the academia or research institutions to carry out innovation, research and development with a limit of Rs.10 Crore per project. Two projects have been awarded to SMEs under this scheme as per details below:-

S. No.	Name of requirement	Name of SMEs	Project Cost	State
1.	Video Processing / Switching Board for an Advance Military Aircraft with ARINC 818 Std Capability.	Logic Fruit Technologies Pvt. Ltd.	INR 517 Lakh + Applicable Taxes	Haryana
2.	Composite Material Sea Water Pumps (40 TPH & 125 TPH).	Zeus Numerix Pvt. Ltd. in association with Eternus Performance Materials Pvt. Ltd.	INR 485 Lakh + Applicable Taxes	Maharashtra
