

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

UNSTARRED QUESTION NO.1258
TO BE ANSWERED ON THE 25TH JULY, 2018

MAKE IN INDIA INITIATIVE

1258. SHRI KIRTI VARDHAN SINGH:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has any plan to promote Defence and Aero manufacturing under Make in India initiative;
- (b) whether there is any proposal from Government of Uttar Pradesh for setting up of Defence and Aero Manufacturing cluster in UP;
- (c) if not, whether the Government proposes to plan such Defence and Aero manufacturing cluster in UP; and
- (d) if so, the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(DR. SUBHASH BHAMRE)

रक्षा राज्य मंत्री

(डा. सुभाष भामरे)

(a) Since the launch of 'Make in India' in September 2014, several measures have been taken by the Government to promote indigenous design, development and manufacture of defence & aerospace equipment in the country by harnessing the capabilities of the public and private sector. These measures *inter alia* include:

- 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

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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 Suo-moto by industry/ individual etc., have been introduced.
- vi. Foreign Direct Investment (FDI) Policy has been revised and under the revised policy, Foreign Investment up to 49% is allowed through automatic route and above 49% under Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded.
- vii. Industrial licensing regime for Indian manufacturers under IDR {Industries (Development and Regulation)} Act, 1951 has been liberalised and most of the components/ parts/ sub-systems have been taken out from the list of defence products requiring Industrial Licence. This has reduced entry barriers for new entrants in this sector, particularly SMEs. The initial validity of Industrial Licence under IDR Act, 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.
- viii. 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 discharge of offset have been re-instated.

- ix. The process for export clearance has been streamlined and made transparent & online.
- x. Defence Investor Cell has been created in the Ministry to provide all necessary information including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector.
- xi. In order to promote innovation in defence sector, iDEX (Innovations for Defence Excellence) scheme has been launched by the Government in April 2018.

(b) to (d): In the Budget Speech of 2018-19, Government has announced setting up of two Defence Industrial Corridors for promoting defence manufacturing under 'Make in India' initiative of the Government. Subsequent to the announcement, Government has decided to set up two Defence Industrial Corridors, out of which one corridor is planned to be set up in State of Uttar Pradesh, spanning across Aligarh, Agra, Jhansi, Chitrakoot, Kanpur and Lucknow.
