

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA

UNSTARRED QUESTION NO.3672
TO BE ANSWERED ON THE 8TH AUGUST, 2018

MILITARY EQUIPMENT

3672. SHRI SHRIRANG APPA BARNE:
SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:
DR. PRITAM GOPINATH MUNDE:
SHRI ADHALRAO PATIL SHIVAJIRAO:
SHRI ANANDRAO ADSUL:
SHRI DHARMENDRA YADAV:
DR. SHRIKANT EKNATH SHINDE:
SHRI VINAYAK BHAURAO RAUT:

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

- (a) whether the Union Government has planned large defence outlay including in Bundelkhand Region for India's defence requirements in the future and if so, the details thereof;
- (b) whether partnership with foreign original equipment manufacturers is significant for co-production and co-development of military equipment;
- (c) if so, whether the Union Government has established a number of Joint Working Groups under Defence Technology and Trade Initiative (DTTI) to take forward mutually agreed projects for the benefit of the Armed forces;
- (d) if so, the details thereof and the result achieved in this regard;
- (e) whether any discussion was held between India and USA to strengthen defence trade ties and create opportunities for co-production and co-development of military equipment and if so, the details and the outcome thereof; and
- (f) the other steps taken by the Union Government for co-production and co-development of military equipment?

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 (f): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA UNSTARRED QUESTION NO. 3672 FOR ANSWER ON 8.8.018

- (a) to (f):** (1) The Government has decided to establish two defence industrial corridors to serve as an engine of economic development and growth of defence industrial base in the country. While one corridor spans Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli in Tamil Nadu, the other extends across Aligarh, Agra, Jhansi, Kanpur, Chitrakoot and Lucknow in Uttar Pradesh (UP).
- (2) The partnership with foreign original equipment manufacturers is significant for the Indian defence industry particularly in the areas where the technology is not available in the country. The Defence Procurement Procedure (DPP)-2016 contains provisions related to acquisition of technology through Transfer of Technology (ToT) under Buy & Make, Buy & Make (Indian) categories of capital acquisition, and through the Strategic Partnership Model.
- (3) A number of Joint Working Groups have been established under DTTI to progress mutually agreed projects for the benefit of the Armed Forces. The Joint Working Group under the Air Force, handling the surveillance platform, has made considerable progress. The Indian Navy Joint Working Group is constructively engaged with US Navy for aircraft carrier technology cooperation for the on-going program. On the land systems front and on projects under the DRDO, both sides have identified projects where scope of co-production / co-development of systems exists.
- (4) The 7th Defence Technology and Trade Initiative (DTTI) Meeting was held between India and the USA delegation on 18th July, 2018 in New Delhi with the aim to bring sustained leadership focus to the bilateral defence trade relationship and create opportunities for co-production and co-development of defence equipment.
- (5) The Union Government has taken the following major steps for co-production and co-development of military equipment:
- (i) 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.

- (ii) **The “Buy & Make (Indian)” and “Buy & Make” categories facilitate capital acquisition of military equipment through an initial procurement of equipment in Fully Formed (FF) state in quantities as considered necessary followed by indigenous production in a phased manner involving Transfer of Technology (ToT) of critical technologies as per specified range, depth and scope.**

- (iii) **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 micro, small and medium enterprises (MSMEs).**

- (iv) **A 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 ‘suo-moto’ proposals suggested by industry / individual etc., have been introduced.**

- (v) **FDI Policy has been revised and under the revised policy, 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.**

- (vi) **An innovation ecosystem for Defence titled Innovations for Defence Excellence (iDEX) has been launched on 12th April 2018 by the Hon'ble PM during Def-expo 2018. iDEX is aimed at creation of an ecosystem to foster innovation and technology development in Defence and Aerospace by engaging Industries including MSMEs, Start-ups, Individual Innovators, R&D institutes and Academia and provide them grants / funding and other support to carry out R&D which has potential for future adoption for Indian defence and aerospace needs.**

- (vii) To promote the participation of private sector, Outsourcing and Vendor Development Guidelines for DPSUs and OFB have been issued. The guidelines mandate each DPSU and OFB to have a short-term and long-term outsourcing and vendor development plan to gradually increase the outsourcing from private sector.
- (viii) Government has set up the Technology Development Fund (TDF) to encourage participation of public / private industries especially MSMEs, through provision of grants, so as to create an eco-system for enhancing cutting-edge technology capability for defence applications.
