

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA
UNSTARRED QUESTION NO. 1510
TO BE ANSWERED ON 10th February, 2023

IMPORT IN DEFENCE SECTOR

1510. SHRIMATI RANJANBEN DHANANJAY BHATT:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government is contemplating to reduce imports in the defence sector;
- (b) if so, the details thereof along with specific steps taken by the Government in this regard; and
- (c) if not, the reasons therefor?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) to (c): (i) Capital procurement of defence equipment are undertaken from various domestic as well as foreign vendors, based on threat perception, operational challenges and technological changes so as to keep the Armed Forces in a state of readiness and to meet the entire spectrum of security challenges.

(ii) Defence Procurement Procedure (DPP) and Defence Acquisition Procedure (DAP 2020) with a focus on “Atmanirbhar Bharat” and “Make in India” introduced major policy initiatives for boosting indigenous defence capability and reduction of reliance on imports. Further, DAP-2020 provides the highest preference to ‘Buy Indian (IDDM)’ category of acquisition and ‘Buy Global’ is only permitted in exceptional situations with specific approval of Defence Acquisition Council (DAC) / RakshaMantri.

(iii) To achieve self-reliance in defence sector and to provide impetus to design, development and manufacture of defence equipment/platforms in India, the following initiatives/policies have been taken/made by the Government:-

- i. A new category of ‘Buy (Global- Manufacture in India)’ has been introduced to enable ab-initio indigenisation of spares. This category encourages Foreign OEMs to set up ‘Manufacturing/maintenance entities’ through its subsidiary in India.
- ii. The Government has introduced Make III categories with the objective of self-reliance through import substitution.
- iii. Notification of the ‘Positive Indigenisation lists’ of weapons/platforms banned for import to be indigenously manufactured.

- iv. Reservation of Cases with AoN cost \leq 100 Crs, extendable to Cases of AoN cost \leq 150 Crs if annual cash flow based on deliveries is below Rs. 100 Crs for MSMEs.
- v. Simplification of Industrial licensing process with longer validity period.
- vi. Launch of innovations for Defence Excellence (iDEX) scheme involving start-up & Micro, Small and Medium Enterprises (MSMEs).
- vii. Reforms in Offset policy with thrust on attracting investment and transfer of Technology of Defence manufacturing by assigning higher multipliers.
- viii. Launch of indigenisation portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs.
- ix. Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu.
- x. Opening up of Defence Research & Development (R&D) for industry, start-ups and academia with 25 percent of defence R&D budget earmarked to promote development of defence technology in the country.
- xi. Progressive increase in allocation of Defence Budget of military modernisation for procurement from domestic sources.
- xii. In line with Government of India's initiative of Atmanirbhar Bharat, MoD has earmarked funds amounting to Rs. 84,598 Cr (68% of the total Capital Acquisition Budget) for the domestic capital procurement in 2022-23.
