

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO.480
TO BE ANSWERED ON 5th February, 2020

DEFENCE PRODUCTION POLICY

480. SHRI PARVESH SAHIB SINGH VERMA:

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

- (a) whether the Government has finalised the draft of the Defence Production Policy, 2018 and if so, the details thereof and if not, the reasons therefor;
- (b) the steps taken/proposed to be taken to increase the participation of MSMEs in domestic defence production;
- (c) the FDI inflow received for defence during the last five years and the steps taken to increase the FDI inflow; and
- (d) the parameters proposed to be used in estimating India's level of self-reliance and the methodology to be followed while adjudging self-reliance?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

रक्षा राज्य मंत्री

(SHRI SHRIPAD NAIK)

(श्री श्रीपाद नाईक)

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

**STATEMENT IN RESPECT OF PARTS (a) TO (d) OF LOK SABHA
UNSTARRED QUESTION NO. 480 FOR ANSWER ON 05.02.2020
REGARDING “DEFENCE PRODUCTION POLICY”**

(a) Draft Defence Production Policy was placed in public domain and is not yet finalised.

(b) In DPP-2016, under Government funded Make-I category, development of prototype of defence products/platforms projects not exceeding development cost of Rs.10 Crore and procurement cost of Rs.50 Crore are reserved for MSMEs. Similarly under industry funded Make-II category of development of prototype of defence products/platforms, projects not exceeding development cost of Rs.3 Crore and procurement cost of Rs.50 Crore are reserved for MSMEs. The iDEX initiative is also aimed at supporting MSMEs, Start-ups, Individual Innovators etc. by providing them grants/funding and other support to carry out R&D. Under the iDEX scheme, a maximum of Rs.1.5 crore funding is available to a participant for development of a prototype. To ensure timely payments to MSME vendors, Trade Receivables electronic Discount System (TReDS) has been implemented in Defence Public Sector Undertakings (DPSUs). Defence Investor Cell has been opened in Department of Defence Production (DDP) to address the issues being faced by industries especially MSME vendor.

(c) As per data furnished by 79 companies in Defence and Aerospace sector, so far (i.e. till December, 2019), FDI inflows of over Rs.1834 crores have been reported in Defence and Aerospace sector after 2014. FDI is allowed in Defence sector under automatic route upto 49% and above 49% through government route wherever it is likely to result in access to modern technology or for other reasons to be recorded.

(d) The parameter used in estimating self-reliance is to enhance the share of procurement from Indian vendors in the overall procurement plan.
