

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE PRODUCTION  
**LOK SABHA**  
**UNSTARRED QUESTION NO.3553**  
TO BE ANSWERED ON 17<sup>th</sup> March, 2021

**SCHEME FOR PROMOTION OF MSMEs**

3553. SHRI PARVESH SAHIB SINGH VERMA:

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

- (a) the details of events and initiatives under the Scheme For Promotion of MSMEs in Defence sector in the last two years;
- (b) the details of procurement from MSMEs by the Ministry in the last two years;
- (c) the details of measures taken by the Ministry to train and upgrade skills of MSME workers during COVID 19 pandemic;
- (d) the total procurement from MSMEs done after the embargo on 101 items have been introduced last year; and
- (e) if so, the details thereof and if not, the reasons therefor?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

(SHRI SHRIPAD NAIK)

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

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**STATEMENT REFERRED TO IN THE REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 3553 FOR ANSWER ON 17.03.2021 REGARDING 'SCHEME FOR PROMOTION OF MSMEs'**

(a) Following measures have been taken for promotion of Micro, Small and Medium Enterprises (MSMEs) in defence production sector:-

1. Cases with Acceptance of Necessity (AoN) cost  $\leq$  Rs 100 Crores are reserved for MSMEs, provided there are at least two or more MSMEs eligible to participate in the category.
2. In order to encourage startups/MSMEs, procurement cases where the estimated cost is not exceeding Rs 100 crores/year based on delivery schedule at the time of seeking AoN or Rs 150 crores, whichever is higher, may be considered for issue of RFP without any stipulation of Financial parameters.
3. Project under the Make categories, with procurement not exceeding Rs 100 crores/year based on delivery schedule at the time of seeking AoN are earmarked for MSMEs.
4. Offset Policy has been revised in the year 2020, to provide a multiplier of 1.5 where Indian Offset Partner (IOP) is a MSME.
5. Department of Defence Production (DDP) regularly conducts outreach programs in various parts of the country to interact with industry associations, industry especially MSMEs and academia, to spread awareness about the potential export opportunities. A scheme aimed to promote MSMEs in Defence has been accorded approval. Under this scheme, conclaves/seminars are organized in Tier II and Tier III cities across the country with strong industrial and MSME presence, with the support of DDP. Three state level conclaves and one national level conclave in form of webinar have been organized during last two years under the scheme.
6. An innovation ecosystem for Defence titled Innovations for Defence Excellence (iDEX) has been launched in April, 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.
7. An indigenization portal namely SRIJAN has been launched in August, 2020 for Defence Public Sector Undertakings (DPSUs)/Ordnance Factory Board (OFB)/Services with an industry interface to provide development support to MSMEs/Startups/Industry for import substitution.

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8. Government has established two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu to serve as an engine of economic development and growth of Indian defence industry including MSMEs.

9. Ministry of MSMEs implement various schemes and programmes for promotion and development of MSMEs including defence sector MSMEs across the country. These include Prime Minister's Employment Generation Programme (PMEGP), Scheme of fund for Regeneration of Traditional Industries (SFURTI), A scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE), Credit Guarantee scheme, Credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCSSTUS), Technology Centre Systems Programme (TCSP), Micro and Small Enterprises-Cluster Development Programme (MSE-CDP), Procurement and Marketing Support Scheme etc. Ministry also reviews and monitors the progress of the implementation of the Public Procurement Policy for MSEs Order, 2012.

(b) to (e): As per information provided by Ministry of MSMEs, the details of procurement in terms of value from MSEs in Defence Sector by the Defence Department/CPSEs in the last two years and current year are as under:-

Financial Year	Total Procurement (Rs in Crores)
2018-19	12112.03
2019-20	9090.618
2020-21 (As on 11.03.2021)	9293.812

Further regular Vendor development programmes and webinars are organized for MSMEs by OFB and DPSUs for development of supply chain. However, during the COVID-19 pandemic, many webinars were conducted due to COVID-19 restrictions on physical accumulation.

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