

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
STARRED QUESTION NO. 160
TO BE ANSWERED ON 11TH FEBRUARY, 2022

INDIGENOUS PRODUCTION OF DEFENCE EQUIPMENT

*160. SHRI KRUPAL BALAJI TUMANE:
SHRIMATI POONAM MAHAJAN:

Will the Minister of DEFENCE
be pleased to state:

- (a) the details of various equipment being used by the Armed Forces which are manufactured within the country;
- (b) whether the Government proposes to expand the production of defence equipment under the 'Make in India' scheme and if so, the details and the efforts being made in this regard;
- (c) whether the Government has achieved the targets relating to the indigenous production of defence equipment and if so, the details thereof;
- (d) whether the Government proposes to export indigenously produced defence equipment and if so, the details thereof;
- (e) whether the Government has made any assessment of the funds likely to be saved through decrease in import of defence equipment as a result of indigenous production of such equipment and if so, the details thereof; and
- (f) whether the Government proposes to scrap contracts relating to import of defence equipment and allot them to the Indian companies and if so, the details thereof?

A N S W E R

MINISTER OF DEFENCE

(SHRI RAJNATH SINGH)

(a) to (f) : A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA
STARRED QUESTION NO. 160 FOR ANSWER ON 11.02.2022 REGARDING
'INDIGENOUS PRODUCTION OF DEFENCE EQUIPMENT'.**

(a) Many significant products including 155mm Artillery Gun system 'Dhanush', Light Combat Aircraft 'Tejas', Surface to Air Missile system 'Akash', Main Battle Tank 'Arjun', T-90 Tank, T-72 tank, BMP-II/I/K, Su-30 MK1, Cheetah helicopter, Advanced Light Helicopter, Dornier Do-228, High mobility Trucks, INS Kalvari, INS Khanderi, INS Chennai, Anti-Submarine Warfare Corvette (ASWC), Arjun Armoured Repair and Recovery Vehicle, Bridge Laying Tank, Bi-Modular Charge System (BMCS) for 155mm Ammunition, Medium Bullet Proof Vehicle (MBPV), Weapon Locating Radar (WLR), Integrated Air Command and Control System (IACCS), Software Defined Radios (SDR), Lakshya Parachute for Pilotless Target Aircraft, Opto Electronic Sights for battle tanks, Water Jet Fast Attack Craft, Inshore Patrol Vessel, Offshore Patrol Vessel, Fast Interceptor Boat, Landing Craft Utility, 25 T Tugs, etc. have been produced in the country during the last few years which are being used by the Indian Armed Forces.

(b) The Government has taken several policy initiatives in the past few years under 'Make in India' program and brought in reforms to encourage indigenous design, development and manufacture of defence equipment in the country, thereby expanding the production of indigenous defence equipment. These initiatives, inter-alia, include according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020; Notification of two 'Positive Indigenisation Lists' of total 209 items of Services and one 'Positive Indigenisation List' of total 2851 items of Defence Public Sector Undertakings (DPSUs), for which there would be an embargo on the import beyond the timelines indicated against them; Simplification of Industrial licensing process with longer validity period; Liberalisation of Foreign Direct Investment (FDI) policy allowing 74% FDI under automatic route; Simplification of Make Procedure; Launch of Innovations for Defence Excellence (iDEX) scheme involving startups & Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; Launch of an indigenization portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs; Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers; Establishment of two Defence Industrial Corridors one each in Uttar Pradesh and Tamil Nadu.

(c) The targets of defence production are set for the Defence Public Sector companies as part of MoUs signed with them. The value of production of Defence Public Sector companies has shown increase in the last five (05) years except in the year 2020-21 where operations were stopped for few months due to COVID-19 as per the table given below:

Sl No.	Year	Turnover of DPSUs (In Rs Crore)
1.	2016-17	40427
2.	2017-18	43464
3.	2018-19	45387
4.	2019-20	47655
5.	2020-21	46711

(d) The Government has major focus on defence exports by public and private sector. For streamlining defence export processes, Standard Operating Procedures (SoPs) have been issued and export authorisations are issued online through a dedicated Defenceexim portal, which is an end to end solution. In addition, a provision for Open General Export License (OGEL) has been made as one-time export license, which permits the industry to export specified items to specified destinations, enumerated in the OGEL, without seeking export authorisation during the validity of the OGEL. With these initiatives, the defence exports have jumped almost 600% since 2016-17.

(e) While no formal study has been conducted to assess such savings, it has been seen in the context of many systems/subsystems such as Engines & transmissions for Tanks, Flight Control systems & rotor systems for major Aero platforms, Gearbox for Offshore Patrol Vessels; Software Defined Radios (SDR), Fire Control Systems: Passive Night Vision Device (PNVD), Ammunitions, Konkur Missile test equipment, Muzzle Reference system, etc that the equipment indigenously designed, developed and manufactured results in significant savings besides providing strategic autonomy to the nation.

The table below in the last three years, brings out that increasing reliance has been laid on procurement from domestic sources and the expenditure on procurement from foreign sources has shown significant reduction in percentage terms:

Year	Expenditure on Procurement (both capital and revenue) from Domestic sources		Expenditure on Procurement (both capital and revenue) from Foreign sources		Total expenditure on Procurement (both capital and revenue)
	Value (In Rs. Crore)	Percentage	Value (In Rs. Crore)	Percentage	Value (In Rs. Crore)
2018-19	50500	54.0	42974	46.0	93474
2019-20	63722	58.8	44618	41.2	108340
2020-21	88631	63.6	50709	36.4	139340

(f) Since the focus of the Government is on indigenization and promotion of domestic defence industry to achieve Atmanirbharta, the proposals which were accorded Acceptance of Necessity (AoN) under Buy (Global) category of Capital Acquisition in the past have been reviewed as per DAP- 2020 and the Defence Acquisition Council (DAC) has approved cancellation/closure of AoN for 09 such proposals worth Rs. 46,695 Crore.
