

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO. 3703
TO BE ANSWERED ON 25TH MARCH, 2022

MANUFACTURING OF ULTRA-MODERN DEFENCE EQUIPMENT

3703. SHRI RAMCHARAN BOHRA:

Will the Minister of Defence be pleased to state:

- (a) the details of policy related to manufacturing of ultra- modern defence equipment;
- (b) whether the Government has entered into any strategic defence deal/agreement with private companies for manufacturing of defence equipment in the country;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government for transfer of ultra-modern defence technology from foreign countries to India?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a): The Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment in the country. These initiatives, inter-alia, include according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020; Announcement of 18 major defence platforms for industry led design & development; 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

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(Preference to Make in India) Order 2017; Launch of an indigenisation portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs; and Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence manufacturing by assigning higher multipliers.

(b) & (c): Capital procurement of defence equipment are undertaken from various domestic as well as foreign vendors, based on threat perception, operational challenges and technological changes and to keep the Armed Forces in a state of readiness. During the last three financial years (2018-19 to 2020-21) and current financial year 2021-22 (upto February, 2022), out of total 197 capital acquisition contracts signed, 127 contracts have been signed with Indian vendors for capital procurement of defence equipment for Armed Forces.

(d): Government has undertaken following policy initiatives for indigenous manufacturing of state-of-the-art defence products and transfer of defence technology from foreign countries to India:-

- i. Specific provisions have been introduced in DAP-2020 under ‘Buy and Make (Indian)’ and ‘Buy (Global – Manufacture in India)’ category wherein indigenous production is carried out with Transfer of Technology (ToT) from foreign OEM.
- ii. Discharge of offset obligations by foreign OEMs through ToT to Indian enterprises including government institutions has been incorporated and higher multiplier has been assigned to ToT under offset discharge.
- iii. 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 can tie up with global Original Equipment Manufacturers (OEMs) to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.
- iv. The Government of India has enhanced FDI in Defence Sector up to 74% through the Automatic Route for companies seeking new defence industrial license and up to 100% by Government Route wherever it is likely to result in access to modern technology or for other reasons to be recorded.
