

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF MILITARY AFFAIRS  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3821**  
TO BE ANSWERED ON 25<sup>TH</sup> MARCH, 2022

**DEVELOPMENT OF DEFENCE SECTOR**

3821. SHRI SUNIL KUMAR MONDAL:

Will the Minister of Defence be pleased to state:

- (a) the details of the schemes or programmes formulated to develop Defence sector and to strengthen Army, Navy and Air Force along with the achievements made and future initiatives proposed thereunder; and
- (b) the budgetary allocation made by the Government for the development of the defence sector during the financial year, 2021-22?

A N S W E R

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a): Various schemes and programs have been formulated to develop the defence sector and strengthen the Indian Armed Forces. Some of the schemes/programmes are as given below:

**Indigenization of imported items**

- (i) In a significant boost to Atmanirbhar Bharat Abhiyan and in sync with the announcement in the Union Budget 2022-23 that allocated 25% of Defence R&D Budget for industry led R&D, 18 major platforms have been approved by the Government for industry led Design & Development under various routes.
- (ii) As part of the efforts to achieve self-reliance in Defence manufacturing and minimize imports by the DPSUs, a positive indigenization list has been notified by the Government. The list contains 2,500 imported items which have already been indigenized and 351 high value imported items which will be indigenized in the next 3 years. These items are to be procured only from Indian industry after the timelines indicated in the list.
- (iii) An indigenization portal, namely, SRIJAN has been launched in August 2020 for DPSUs/ OFB/ Services with an industry interface to provide development support to MSMEs/ Startups/ Industry for import substitution. As on date, 18463 items are available for Public View on SRIJAN portal and 277 companies have already shown interest against 3786 items.

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(iv) Make-II: Procedure for 'Make-II' category (Industry funded), introduced in DPP 2016 to encourage indigenous development and manufacture of defence equipment has number of industry friendly provisions such as relaxation of eligibility criterion, minimal documentation, provision for considering proposals suggested by industry/individual etc. So far, 67 projects relating to Army, Navy & Air Force, have been accorded 'Approval in Principle'.

(v) In order to encourage local suppliers in public procurements under the latest Public Procurement Order 2017 dated 16<sup>th</sup> September, 2020, the Government has notified list of 46 items for which there is sufficient local capacity and local competition, only "Class-I local supplier", as defined under the order, shall be eligible to bid irrespective of purchase value.

(vi) In order to provide impetus to self-reliance in defence manufacturing as part of the Atmanirbhar Bharat Abhiyan, two positive indigenization lists of 209 weapons/ platforms/ systems/ ammunitions etc. have been notified.

### **Promoting investment and Technology Transfer in Defence Sector**

(vii) **Defence Industrial Corridors at UP and TN:** Two (02) Defence Industrial Corridors (DICs), one in Tamil Nadu with five nodes across Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli, and another in Uttar Pradesh with six nodes across Aligarh, Agra, Jhansi, Kanpur, Chitrakoot and Lucknow have been set up to attract investment in each of the two DICs.

(viii) To give further impetus to the growth of Defence Industrial Corridors, both the DICs have been integrated with the Prime Minister's 'Gati Shakti' National Master Plan.

(ix) M/s Indo Russian Rifles Private Limited (IRRPL) located at Korwa, Amethi district is an India-Russia JV to manufacture AK-203 rifles within the country. Order amounting to Rs. 5,124.97 crore for manufacturing 6,01,427 AK-203 rifles has been placed on the JV on 06.12.2021.

(x) The Government has further 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. FDI inflows of over Rs 3243 crores have been reported in defence and aerospace sector since 2014 till January 2022.

(xi) Further, a total of 568 Industrial licenses have been issued in Defence sector since 2001, out of which 357 have been issued after 2014.

### **Supporting Startup Ecosystem and Technology development**

(xii) iDEX: Innovations for Defence Excellence (iDEX) was launched with the objective of bringing Start-ups to innovate develop technologies and solve problems related to defence and aerospace. At present, 81 military problems have been opened, 130 startups have been engaged, 65 contracts have been signed. 1 contract worth Rs. 13 crore for procurement of country's first

indigenously developed Robotic Lifebuoys under the iDEX challenge "Unmanned Surface Vehicles" has materialized by the Indian Navy with a Startup - Saif Seas, based at Visakhapatnam.

(xiii) The Government has also approved a Scheme with an outlay of Rs. 498.78 crore (2021-22 to 2025-26) to push innovation and support startups in Defence & Aerospace sector.

(xiv) **AI in Defence:** Artificial Intelligence has much more potential to develop many state-of-art technologies which will be useful in Defence Sector. Therefore, Government has decided to develop several AI Projects in defence sector. Presently, 61 AI projects are planned by the DPSUs out of which 26 AI projects have been developed.

### **Ease of Doing Business**

(xv) Ministry of Defence has launched a scheme for awarding Self Certification Status to DPSUs and Private Industry in May 2019 wherein these have been delegated the responsibility of certifying the Quality of products to the manufacturer on behalf of the purchaser, after self-evident Quality system that meet requisite standards. The achievements of various schemes under the government's policy of "Make in India" and Ease of doing business are given below:

|                               |   |
|-------------------------------|---|
| Green Channel Status          | Granted to 20 Firms   |
| New Self Certification Scheme | Granted to 07 Firms   |
| Third Party Inspection        | 06 Firms Registered and Rate Contract signed with 03 firms. |
| Defence Export Promotion      | Certificate issued to 11 Firms                              |

(xvi) The Ministry has formulated Defence Testing Infrastructure Scheme (DTIS) for creating 6 to 8 Greenfield Defence Testing Infrastructures in the country. The scheme would help in achieving Atmanirbharta in the Defence Testing Infrastructure for the domestic industry. RFPs for all eight different Test Facilities have been already issued and cases pertaining to two Test Facilities are under final stage of scrutiny.

(xvii) SOP for allotment of Proof/field firing ranges of Ministry of Defence to Indian Private industry was promulgated in June 2019. This would facilitate Indian private firms in testing their products. A total of 23 Proof/Field firing ranges have now been opened to private industry.

### **MSMEs in Defence sector**

(xviii) The Micro, Small and Medium Enterprises (MSME) vendor base of DPSUs and OFB has increased from 8000 in 2018-19 to more than 13000 in 2020-21, thereby creating opportunities for employment.

Apart from the above, DRDO has taken the following steps to develop the Defence sector and to strengthen the armed forces:

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(xix) Transfer of Technology (TOT) to Industries: Indigenous technology is the key for strengthening R&D base within the country. DRDO has laid down procedure by which DRDO developed technologies are transferred to industries by entering into Licencing Agreement for Transfer of Technology (LATOT). Till date, more than 1400 Nos. of LATOT have been transferred to Indian industries.

(xx) Test Facility support to Industries: More than 60 Test facilities have now been opened for industries in DRDO labs and necessary SOP has been formulated.

(xxi) Technology Development Fund (TDF): DRDO has launched Technology Development Fund (TDF) which provides financial support to the Indian industries for the design development of innovative defence products. 41 projects have been awarded till date under TDF scheme.

(xxii) Scientific and Technological Support is provided to industry by DRDO on need basis.

(xxiii) Under Government-Owned Company Operated (GOCO) model, private industries are being allowed to operate and maintain DRDO assets in select cases, sparing them from the need to invest in land, machinery or other support systems.

The modernization of the Armed Forces is being progressed as part of a deliberate and comprehensive Long Term Perspective Plan based on the changing operational scenario and the advancement in warfare technology.

(b): The details of Budget Estimates (BE) and Revised Estimates (RE) under Revenue and Capital Heads of Defence Services Estimates in FY 2021-22 are as under:

(Rs. in crore)

| Head                                 | BE          |               |              | RE          |             |              |
|--------------------------------------|-------------|---------------|--------------|-------------|-------------|--------------|
| <b>Revenue (Net)</b>                 | 2,12,027.56 |               |              | 2,29,567.23 |             |              |
| <b>Capital</b>                       | <b>CA*</b>  | <b>OTCA**</b> | <b>Total</b> | <b>CA</b>   | <b>OTCA</b> | <b>Total</b> |
|                                      | 1,11,463.21 | 23,597.51     | 1,35,060.72  | 1,13,717.58 | 25,133.32   | 1,38,850.90  |
| <b>Total Revenue (Net) + Capital</b> | 3,47,088.28 |               |              | 3,68,418.13 |             |              |

\*CA – Capital Acquisition

\*\*OTCA – Other than Capital Acquisition

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