

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF MILITARY AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 515
TO BE ANSWERED ON 04TH FEBRUARY, 2022

MANUFACTURING IN DEFENCE SECTOR

515. SHRI BRIJBHUSHAN SHARAN SINGH:

SHRI RAM KRIPAL YADAV:

SHRI JAGDAMBIKA PAL:

SHRI SANGAM LAL GUPTA:

SHRI RAJENDRA AGRAWAL:

SHRI PRATAP CHANDRA SARANGI:

SHRI P.P. CHAUDHARY:

Will the Minister of DEFENCE
be pleased to state:

- (a) whether the Government has notified an inclusive indigenous list with a view to achieving self-dependence and reducing import in defence manufacturing;
- (b) if so, the details thereof;
- (c) whether the Government proposes to achieve the goal of hundred percent indigenous manufacturing/production of ammunition for Navy and if so, the steps taken and the time limit fixed thereof;
- (d) the details of the likely introduction of stealth guided-missile destroyer in the coming years and the details of all the major initiatives taken for defence sector under 'Make in India' programme during last two years; and
- (e) whether the Government has organized any Global Defence Technology Summit to escalate Research and Development in Defence sector and if so, the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a): Yes, Sir.

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- (b): (i) Two Positive Indigenisation Lists comprising 101 and 108 items were promulgated on 21 Aug 2020 and 31 May 2021 respectively. The lists have been hosted on Ministry of Defence Website to give wide visibility to the Defence Industrial base in enabling them to effectively meet requirements of the Armed Forces. The lists comprise not just of simple equipment but also some high technology weapon systems like, Artillery Guns, wheeled Armoured Fighting Vehicles, Light Combat Aircraft, Light Combat Helicopters, Next Generation Missile Vessels & Corvettes, Land based High Power Radars, Land based Short Range Surface to Air Missiles, rockets, bombs, and many other items to meet needs of our Defence Services.
- (ii) In addition, to minimise import by DPSUs, Department of Defence Production (Ministry of Defence) has also notified a Positive Indigenisation list of sub-systems/ assemblies/ sub-assemblies/ components on 27 Dec 2021. This list contains 2500 items, which are already indigenized and 351 items which will be indigenized in coming 3 years till December 2024. The list of these items and their details are available on SRIJAN portal on DDP website for Industry to show their interest.
- (c): (i) Yes, Sir. India is on a progressive path to achieve 100% indigenisation of Naval Ammunition.
- (ii) 90% of Conventional Naval Ammunition by type have been indigenised. The balance, which includes niche technologies are being progressed through DPSUs/ Private firms.
- (iii) With regard to the guided weapons, such as missile, torpedoes, etc, indigenisation is being taken up progressively through DRDO and Indian Industry.
- (d): (i) As part of the modernisation process of the Indian Navy, four Visakhapatnam class destroyers (Project 15B), which are upgraded version of the Kolkata class ships, are being constructed at Mazagon Dock Shipbuilders Ltd, Mumbai. The first ship of the Project 15B, INS Visakhapatnam was commissioned on 21 November 2021. Balance three ships of the project are being targeted for delivery between 2022 to 2024.
- (ii) Details are placed at **Annexure**.
- (e): Government has organised a Def Expo-2020 and Aero India-2021. Also, DRDO has organized the seminar on Energising the R&D capabilities with Industry, Academia & Certification Aspects for “Aatmanirbhar Bharat” during Aero India-2021.

ANNEXURE REFERRED TO IN REPLY TO PART (d) OF LOK SABHA UNSTARRED QUESTION NO. 515 FOR ANSWER ON 04.02.2022 REGARDING “MANUFACTURING IN DEFENCE SECTOR”.

MANUFACTURING IN DEFENCE SECTOR

1. Details of other major initiatives for defence sector under ‘Make in India’ programme during last two years are as follows: -

(a) **Defence Acquisition Procedure 2020 (DAP-2020)**

(i) DAP-2020 promulgated by MoD in October 2020, is aligned with the Government’s vision of Atma Nirbhar Bharat and lays emphasis on higher indigenous content in procurement and faster acquisition for the Armed Forces.

(ii) In order to promote indigenous design and development of defence equipment, ‘Buy {Indian-IDD (Indigenously Designed, Developed and Manufactured)}’ category has been accorded top most priority for procurement of capital equipment.

(iii) Reforms in Offset policy have been included in DAP 2020, with thrust on attracting investment and Transfer of Technology for Defence manufacturing, by assigning higher multipliers to them.

(b) **MAKE Projects.** A comprehensively revamped ‘Make’ procedure has been introduced in DAP-2020 to facilitate indigenous design and development of defence equipment both with government funding and Industry funding, as follows: -

(i) ‘Make I’ sub-category is aimed at addressing projects involving design and development of major equipment/ systems/ platforms necessitating critical technologies and large infrastructure investment, with development periods not less than one year. Such projects involve Govt. funding of 70%.

(ii) Make II and Make III acquisition categories have been tailor-made to encourage Pvt Sector participation with provisions that lead to assured orders after successful development. In Make-II, if solutions have been offered even by a single individual or a firm or Suo- Moto proposal, the cases can be progressed as a Resultant Single Vendor. AIP once granted is not retracted even if DRDO/DPSUs are developing the item. Make-III is a new category added in DAP-20 that allows for manufacture of products in India as import substitution for support of weapon systems/ equipment held in the inventory of the Services.

(iii) 63 MAKE projects are being co-developed with the Indian defence industry, including MSMEs and Start-ups. Details of the same are available on the DDP/ MoD official website.

- (c) **FDI Limit in Defence.** FDI limit in defence manufacturing under the automatic route has been increased from 49% to 74%, and 100% after Govt clearance. With large platforms like ships & submarines, Mini UAVs, Electronic Warfare/ advanced Communication systems, technology intensive armament/ ammunition/ missiles falling under the purview of imports embargo, many opportunities will open up for JVs/ collaboration with global majors.
- (d) **Enhanced Budget for Domestic Procurement.** The quantum of funds earmarked for domestic industry has risen from 57.67% of Capital Budget in FY 2020-21 to over 64.09% in FY 2021-22. Approximately 71% of proposals accorded AoN in the Annual Acquisition Plan (AAP) 2021-23 fall under the Indigenous category, out of which more than 15% have been earmarked for Indian private entities.
- (e) **iDEX.** An innovation ecosystem for Defence titled Innovation 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 carryout R&D which has potential for future adoption for Indian Defence and Aerospace needs.
- (f) **Technology Development Fund (TDF).** Government has set up the Technology Development Fund (TDF) to encourage participation of public/ private industries especially MSMEs through provision of grants, so as to create an ecosystem for enhancing cutting edge technology capability for defence applications.
- (g) **Mission Raksha Gyan Shakti.** The MoD has instituted a new framework titled 'Mission Raksha Gyan Shakti' which aims to provide boost to the IPR culture in indigenous defence industry.
- (h) **Import Substitution of High Value & Complex Spares.** Through the efforts of the Department of Defence Production and the Services, drive for identification and indigenisation of all high value and complex spares through domestic Indian industry is underway. Towards this, a user friendly hub portal "Srijan" has also been hosted by the Ministry of Defence.
- (i) **Projects by DRDO.** 52 projects are underway by DRDO in Mission Mode to meet critical defence equipment requirements of the three Services, wherein the DPSUs/ Private Industries are the production agency.

(j) **Defence Industrial Corridors.** Government has established two Defence Industrial Corridors, one each in the States of Uttar Pradesh and Tamil Nadu. The investments of Rs 20,000 Crore have been envisaged in Defence corridors of Uttar Pradesh and Tamil Nadu by year 2024. Moreover, the respective State Governments have also announced their Aerospace & Defence Policies to attract private players as well as foreign companies including Original Equipment Manufacturers (OEMs) in these two corridors.

(k) **Preference to MSMEs.** Cases with AoN cost \leq Rs 100 Crs have been reserved for MSMEs (provided at least two or more MSMEs are eligible to participate in the category).

(l) **Transfer of Technology (TOT) to Industries.** DRDO developed technologies are being transferred to industries by entering into Licensing Agreement for Transfer of Technology (LATOT). These technologies are hosted on DRDO website and Indian industry can take these high end defence technologies as per the provisions on DRDO policy and procedure for transfer of technology. In year 2021, 182 LATOTs were signed with industries.

(m) **Test Facility support to Industries.** Several world class test facilities have now been opened for industries in DRDO labs and necessary SOP has been formulated.

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

(o) **DRDO Patents.** The details of the DRDO patents are available on DRDO website for use by industries. These patents are available free of cost to industries to enable Atmanirbhar Bharat.

(p) **Government- Owned Company Operated (GOCO).** under GOCO, private industries will operate and maintain DRDO assets, sparing them from the need to invest in land, machinery or other support systems.
