

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE PRODUCTION  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 2168**  
TO BE ANSWERED ON 29<sup>th</sup> July, 2022

**PRIVATE PLAYERS IN DEFENCE MANUFACTURING**

2168. MS. DEBASREE CHAUDHURI:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has been successful in bringing private players in defence manufacturing sector; and
- (b) if so, the achievements made so far in this regard along with the measures taken by Government to boost defence sector to tackle extreme external threats?

A N S W E R

MINISTER OF STATE

(SHRI AJAY BHATT)

IN THE MINISTRY OF DEFENCE

(a) & (b): Defence Industry sector, which was hitherto reserved for the public sector, was opened up to 100% for Indian private sector participation in May, 2001. Since the opening up of Defence sector, a total of 584 Industrial Licenses have been issued to 358 companies for manufacturing of various defence items. The initial validity of the Industrial License granted under the Industries (Development & Regulation) Act has also been increased from 03 years to 15 years. Increase in validity of Industrial Licenses has provided sufficient time and space for companies to start operations and manufacture without hindrance.

Further, in order to give a push to domestic defence industry, 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, thereby expanding the production of indigenous defence equipment to strengthen our armed forces. 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 in March 2022; Notification of three 'Positive Indigenization Lists' of total 310 items of Services and two 'Positive Indigenization Lists' of total 2958 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; Liberalization of Foreign Direct Investment (FDI) policy allowing 74% FDI under automatic route; Simplification of Make

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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; and Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Opening up of Defence Research & Development (R&D) for industry, startups and academia with 25 percent of defence R&D budget earmarked to promote development of defence technology in the country; Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

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