

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA
UNSTARRED QUESTION NO. 2235
TO BE ANSWERED ON 29th July, 2022

INDIGENOUS MANUFACTURING OF DEFENCE EQUIPMENT

2235. SHRI RATTAN LAL KATARIA:

Will the Minister of DEFENCE be pleased to state:

- (a) whether with an objective to reduce dependence on import of defence equipment, the Government has earmarked 68 percent of its capital procurement budget of the defence sector for the domestic industry;
- (b) if so, the details thereof;
- (c) whether the said decision is likely to increase the induction of indigenously manufactured weapons in the armed forces and if so, the details thereof; and
- (d) the other steps taken by the Government for encouraging indigenous manufacturing of defence equipment?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) & (b): Yes, Sir. In line with the Government's philosophy of "Atmanirbhar Bharat", the Ministry of Defence has earmarked 68% (Rs. 84,597.89 Crore) of the Capital Procurement budget for domestic industry in the current FY 2022-23.

(c) & (d): Yes, Sir. In this regard, the Steps taken by the Government for encouraging indigenous manufacturing of defence equipment are given below:-

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 reducing import of defence equipment. These initiatives, inter-alia, include according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)- 2020; 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)

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scheme involving start-ups & Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; 'Policy for Indigenisation of components and spares used in Defence Platforms in March 2019, 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.

Further, Government has taken steps for self-reliance in all the defence related projects. Three positive Indigenisation Lists comprising of 310 (101+108+101) items were promulgated by Department of Military Affairs (DMA)/Ministry of Defence (MoD) on 21 August 2020, 30 May 2021 & 07 April 2022, 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.

In continuous pursuit of self-reliance in defence manufacturing and to minimize import by DPSUs, DDP/MOD has notified two Positive Indigenisation List (PIL) of sub-systems/ assemblies/ sub-assemblies/ components on 27th December 2021 & 28th March 2022. The 1st list contains 2500 items, which are already indigenized and 351 items which will be indigenized in 3 years (Dec-22, Dec-23 & Dec-24). The Second (2nd) PIL consists of 107 strategic important Line replacement units/ major sub-assemblies. The list of these items and their details are available on SRIJAN portal for Industry to show their interest. Till date, 147 items out of 351 items from the 1st Positive Indigenization List & 4 items out of 107 items from the 2nd Positive Indigenisation List have been indigenised.

In continuous pursuit of self-reliance in defence manufacturing under '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 (eighteen) major platforms have been identified and announced by the Ministry of Defence for industry led Design & Development under various routes prescribed in Defence Acquisition Procedure-2020, namely, Make-I, Make-II, Special Purpose Vehicle (SPV) and Innovations for Defence Excellence (iDEX). These platforms have been identified after extensive consultations with the Services, DRDO and the Industry.
