

### **Self-reliance in defence production and equipment**

315. DR. JANARDHAN WAGHMARE: Will the Minister of DEFENCE be pleased to state:

(a) whether Government has decided to be self-reliant in defence production and equipment; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI M.M. PALLAM RAJU): (a) and (b) Yes, Sir. 'Self-reliance' has been a significant goal in defence production. Towards this end the Government has so far taken the following steps:

- (i) The defence manufacturing sector was earlier reserved for the public sector only. In May, 2001 the Central Government opened it for participation by the private sector to the extent of 100%, with Foreign Direct Investment permissible upto 26%, both subject to licensing. The Department of Industrial Policy and Promotion has notified detailed guidelines for licensing production of arms and ammunition. So far 135 licenses have been issued to 75 companies in the private sector.
- (ii) The Defence Public Sector Undertakings (DPSUs) and Ordnance Factories have been upgrading and modernizing their plants to upgrade their production capacities.
- (iii) DPSUs and Ordnance Factories have been advised to invest significantly in Research & Development (R&D) efforts.
- (iv) The Defence Procurement Procedure-2008 (DPP-2008) provides for the following categories of purchases/acquisition of defence equipments for boosting indigenous production of defence goods:
  - (a) 'Buy (Indian)' means buying from Indian vendors only. In this case where the systems are integrated by an Indian vendor, a minimum of 30% indigenous content is required.
  - (b) 'Buy & Make': Means purchase from a foreign vendor followed by licensed production/indigenous manufacture in the country.
  - (c) 'Make' - high technology complex systems to be designed, developed and produced indigenously.
  - (d) 'Buy & Make (Indian)' means purchase from an Indian vendor, including an Indian company forming joint venture/establishing production arrangement with the Original

Equipment Manufacturer (OEM) followed by licensed production/indigenous manufacture in India. 'Buy & Make (Indian)' must have a minimum 50% indigenous content on cost basis.

- (e) Cases where capital acquisitions under 'Buy (Global)' or 'Buy and Make with Transfer of Technology' with foreign vendors are for more than Rs.300 crore, the 'Offset' clause gets invoked. The minimum offset is 30% of the estimated cost or foreign exchange component.
- (v) Five Sectoral Multi-Disciplinary Indigenisation Committees (SMDICs) have been set up in the Department of Defence Production for the sectors Land, Navy, Air, Missile and Electronics, to promote indigenization in these fields.

#### **Decoupling from the volatile trends of developed markets**

316. SHRIMATI T. RATNA BAI: Will the Minister of TEXTILE be pleased to state:

- (a) whether Indian market have decoupled themselves from the volatile trends of the developed markets related to textile industry;
- (b) if so, the details thereof; and
- (c) the steps being taken to maintain such situation in future to give confidence to the investors in India?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRIMATI PANABAKA LAKSHMI): (a) and (b) The key indicators monitored by Textiles Ministry are showing the following trends:

Indicator	2008-09	2009-10
Production of fabrics in	33,648	36,539
Powerloom sector	(Mn. Sq. mtrs.)	(Mn. Sq. mtrs.)
Production of Fabrics in Handloom	6,677	6,788
Sector	(Mn. Sq. mtrs.)	(Mn. Sq. mtrs.)
Production of Fabrics in Hosiery	12,077	13,581
Sector	(Mn. Sq. mtrs.)	(Mn. Sq. mtrs.)
Production of Spun Yarn	3,914	4,188
	(Mn. Kg.)	(Mn. Kg.)
Total Textile Exports	21226.34	22379.95
	(US\$ Million)	(US\$ Million)