Manufacturing of defence equipments

47. SHRIMATI NAZNIN FARUQUE: Will the Minister of DEFENCE be pleased to state:

(a) whether Government is taking any steps to manufacture defence equipments under MAKE IN INDIA initiative;

(b) if so, the details thereof and progress so far; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (RAO INDERJIT SINGH): (a) to (c) The Government has so far issued 251 Letters of Intents (LOIs)/ Industrial Licenses (ILs) covering 150 companies till January 2015 for manufacture of a wide range of defence items to public/private companies. 49 license companies covering 72 licenses have so far reported commencement of production.

2. The following major steps have been taken for domestic manufacture of defence equipments:

(i) FDI Policy in Defence sector has been reviewed and as per the new policy, composite foreign investment up to 49% has been allowed through FIPB route and beyond 49% with the approval of Cabinet Committee on Security (CCS) wherever it is likely to result in access to modern and 'State-of-the-art' technology in the country.

(ii) Defence Products List for the purpose of industrial licensing has been revised and in the revised list most of the components / parts / raw materials have been taken out from the purview of the industrial licensing. Further, the initial validity of industrial licensing has been increased to three years and, thereafter, two time extension of 02 years each may be granted to a company by the Administrative Ministry.

(iii) Government has accorded priority to 'Buy (Indian)', 'Buy & Make (Indian)' and 'Make' categories of acquisition over 'Buy (Global)' category to promote domestic manufacturing.

3. So far 33 FDI proposals/Joint Ventures have been approved in Defence sector for manufacture of various defence equipments, both in public and private sector.

Purchase of artillery guns from BAE Systems Inc.

48. SHRI SALIM ANSARI: Will the Minister of DEFENCE be pleased to state:

(a) whether BAE Systems Inc. has offered to supply artillery guns to the Army's new mountain strike corps;

(b) if so, the details thereof;

(c) whether Government is aware that BAE Systems Inc. has a very poor track record in India and are involved in bribery cases; and

(d) if so, the reasons for negotiating with BAE Systems for purchase of artillery guns?

THE MINISTER OF DEFENCE (SHRI MANOHAR PARRIKAR): (a) to (d) The case for procurement of artillery guns through Foreign Military Sales (FMS) route from US Government has not progressed due to cost issues and the vendor's (M/s. BAE System) proposal not being fully compliant to the offset requirements. All capital procurements are carried out as per the Defence Procurement Procedure (DPP) which contains stringent provisions aimed at ensuring the highest degree of probity, public accountability and transparency.

Foreign manufacturers for defence systems

49. SHRI ANAND SHARMA: Will the Minister of DEFENCE be pleased to state:

(a) whether Government has entered into agreements with foreign defence manufacturers for the domestic manufacturing of defence systems;

(b) whether this also include transfer and assimilation of high-end technologies for such manufacturing; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (RAO INDERJIT SINGH): (a) to (c) In pursuance to the Inter-Governmental Agreement between India and Russia signed in February 1998, a Joint Venture Company, BrahMos Aerospace, between the Defence Research and Development Organization (DRDO) of India and NPO Mashinostroyenia of Russia has been formed for design, development, production of a Supersonic Cruise Missile.

In 'Buy and Make' category of defence capital acquisitions, Government enters into contracts with foreign defence manufacturers which entails Transfer of Technology to Indian Production Agencies for fulfilling part of the orders by domestic manufacturing.

Encroachment of defence land

†50. SHRI NARAYAN LAL PANCHARIYA: Will the Minister of DEFENCE be pleased to state:

(a) the details of land under the Ministry of Defence which has been illegally encroached in Jodhpur city of Rajasthan; and

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†Original notice of the question was received in Hindi.