

(c) and (d) Yes, Sir. Three Joint Logistic Nodes (JLNs) are being established at Mumbai, Guwahati and Port Blair for Logistics Integration between the three services.

Participation of private sector in 'Make-in-India' programme

†29. SHRI MAHESH PODDAR: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that Government has given the opportunity to private sector to compete in the manufacturing of defence equipments under Make-In-India programme;

(b) if so, the current status of participation of private sector in the manufacturing and supply of defence equipments; and

(c) the details of the effect of the import of defence equipments due to participation of private sector in the manufacturing and supply of defence equipments?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) Yes, Sir. Government has taken following steps to provide the opportunity to private sector to compete in the manufacturing of defence equipments under 'Make in India' programme:

- i. Defence Procurement Procedure (DPP) has been revised in 2016 wherein specific provisions have been introduced for stimulating growth of the domestic defence industry including private sector.
- ii. A new category of procurement 'Buy {Indian-IDD (Indigenously Designed, Developed and Manufactured)}' has been introduced in DPP-2016 to promote indigenous design and development of defence equipment. It has been accorded top most priority for procurement of capital equipment. Besides this, preference has been accorded to 'Buy (Indian)', 'Buy and Make (Indian)' & 'Make' categories of capital acquisition over 'Buy (Global)' & 'Buy & Make (Global)' categories.
- iii. FDI Policy has been revised and under the revised policy, FDI is allowed under automatic route upto 49% and beyond 49% through Government

†Original notice of the question was received in Hindi.

route wherever it is likely to result in access to modern technology or for other reasons to be recorded.

- iv. An innovation ecosystem for Defence titled Innovations 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 carry out R&D which has potential for future adoption for Indian defence and aerospace needs.
- v. The 'Make' Procedure has been simplified with provisions for funding of 90% of development cost by the Government to Indian industry and reserving Government funded Make-I projects not exceeding development cost of ₹10 Crore & procurement cost ₹ 50 Cr per year for MSMEs. The industry funded Make-II Projects not exceeding development cost of ₹3 Crore & procurement cost ₹ 50 Cr per year have also been reserved for MSMEs.
- vi. Separate procedure for 'Make-II' category has been notified under DPP to encourage indigenous development and manufacture of defence equipment. Number of industry friendly provisions such as relaxation of eligibility criterion, minimal documentation, provision for considering proposals suggested by industry/individual etc. have been introduced in this procedure.
- vii. Government has notified the 'Strategic Partnership (SP)' Model which envisages establishment of long-term strategic partnerships with Indian entities through a transparent and competitive process, wherein they would tie up with global Original Equipment Manufacturers (OEMs) to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.
- viii. Government has notified a Policy for indigenisation of components and spares used in Defence Platforms in March, 2019 with the objective to create an industry ecosystem which is able to indigenize the imported

components (including alloys & special materials) and sub-assemblies for defence equipment and platform manufactured in India.

- ix. Offset guidelines have been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components, even in signed contracts. Foreign Original Equipment Manufacturers (OEMs) are now allowed to provide the details of IOPs and products after signing of contracts. In order to bring more transparency and efficiency into the Offset discharge process, "Offset portal" has been created in May, 2019.
- x. Defence Products list requiring Industrial Licences has been rationalised and manufacture of most of parts or components does not require Industrial License. The initial validity of the Industrial Licence granted under the IDR Act has been increased from 03 years to 15 years with a provision to further extend it by 03 years on a case-to-case basis.

(b) In the last five financial years *i.e.* from 2014-15 to 2018-19 and current year till Sept, 2019, Government has accorded Acceptance of Necessity (AoN) to 218 proposals worth ₹ 4,09,244 Crore approximately under 'Buy (Indian-IDDM)', Buy (Indian)', 'Buy and Make (Indian)', 'Strategic Partnership Model' or 'Make' categories of capital procurement which promotes domestic manufacturing as per Defence Procurement Procedure (DPP) - 2016. The Indian companies including private companies are allowed to participate in the procurement process of these categories as per eligibility criteria prescribed in DPP.

Till date, 281 Indian Companies have been issued 461 licenses for manufacturing in Defence sector, out of which 73 licensed companies covering 118 licenses have reported commencement of production. Besides, there are more than 8000 MSMEs which are among the vendor base of OFB & Defence PSUs supplying various items to them. The Value of Production of Indian private sector companies for the year 2018-19 is approximately ₹ 16,000 crore.

(c) The expenditure on purchase of defence equipment (both Capital & Revenue) by the three Services from Indian companies was Rs 50,508 Crs and from Foreign Sources was ₹ 42,974 Crs in the financial year 2018-19.

Creation of Department of Military Affairs

30. SHRI SUSHIL KUMAR GUPTA: Will the Minister of DEFENCE be pleased to state: