

**'Make in India' for Defence sector**

825. SHRI B. LINGAIAH YADAV: Will the Minister of DEFENCE be pleased to state:

- (a) whether 'Make in India' projects on defence are progressing very slowly;
- (b) if so, the details of projects during the last five years and the reasons for delay; and
- (c) the details of corrective steps being taken to speed up the projects in future to avoid the import of various defence items which are burdening the exchequer?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) to (c) The following measures have been taken to promote indigenous production in defence sector:-

1. Defence Procurement Procedure (DPP): Defence Procurement Procedure (DPP) was revised in 2016. Specific provisions have been introduced for stimulating growth of the domestic defence industry. A new category of procurement 'Buy {Indian-IDDMM (Indigenously Desigend, Developed and Manufactured)}' has been introduced in DPP-2016 to promote indigenous design and development of defence equipments. This category has been accorded top most priority for procurement of capital equipments. Besides this, preference is being given to 'Buy (Indian)' and 'Buy and Make (Indian)' categories of capital acquisition over 'Buy (Global)' and 'Buy & Make (Global)' categories.
  - (i) 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. Expression of Interest has been invited for Naval Utility Helicopters and P 75 (I) Submarines from both the foreign OEMs and the Indian strategic partners. The Government has finalised the OEMs and Strategic Partners for the P 75(1) submarines.
  - (ii) As a result of all the above efforts, during the last 5 years *i.e.* 2014-15 to 2018-19 Government has accorded Acceptance of Necessity (AoN) to 204 proposals, worth ₹4,04,949.24 crore approximately under

'Buy (Indian-IDDM)', 'Buy (Indian)', 'Buy and Make (Indian)', 'Buy and Make', Strategic Partnership Model or 'Make' categories of capital procurement as per Defence Procurement Procedure (DPP). In all the above categories Indian Industry would be engaged in defence manufacturing either through direct recipient of RFP or in collaboration with foreign OEMs and all these projects are in different stages of execution.

2. 'Make-II' Procedure: A new separate 'Make-II (Industry Funded)' procedure was notified by the Government in February, 2018, to primarily focus upon development of equipment/system/platform or their upgrades or their subsystems/sub-assembly/assemblies/components and import substitution. Under this procedure, no Government funding is envisaged for prototype development purposes but there is an assurance of orders on successful prototype development. This procedure has number of industry friendly provisions such as relaxation of eligibility criterion, minimal documentation, reduced timelines, provision for consideration of *suo-moto* proposals by industry/individuals, etc. So far, 44 proposals (Army: 25, Navy: 8, Air Force: 11) have been accorded 'Approval in principle' out of which Project Sanction Order has been issued for 08 projects.

#### **Impact of FDI in Defence**

826. SHRI PRASHANTA NANDA: Will the Minister of DEFENCE be pleased to state:

- (a) the amount of investment which come through the automatic route since the revised Foreign Direct Investment (FDI) policy;
- (b) whether it has led to increase in the investment in the defence sector;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) to (d) In May, 2001, the Defence Industry sector, which was hitherto reserved for the public sector, was opened upto 100% for Indian private sector participation, with Foreign Direct Investment (FDI) upto 26% both subject to licensing. Further, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry *vide* Press Note No. 5 (2016 Series), has allowed FDI under automatic