

production of spares and components in the territory of India by Indian Industry by way of creation of Joint Ventures/Partnership with Russian Original Equipment Manufacturers (OEMs) under the framework of the "Make in India" initiative.

- (ix) In Feb 2018, Government decided to establish two defence industrial corridors to serve as an engine of economic development and growth of defence industrial base in the country. They span across Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli in Tamil Nadu and across Aligarh, Agra, Jhansi, Kanpur, Chitrakoot and Lucknow in Uttar Pradesh (UP).
- (x) 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.
- (xi) Defence Investor Cell has been created in Feb-2018 the Ministry to provide all necessary information including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector.
- (xii) 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.
- (xiii) Under the latest Public Procurement Order 20.17, Department of Defence Production has notified list of 24 items for which there is local capacity and completion and procurement of these items shall be done from local suppliers only irrespective of the purchase value.

#### **Steps taken to boost the Defence Sector**

35. SHRI HARNATH SINGH YADAV: Will the Minister of DEFENCE be pleased to state:

- (a) the actions taken by Government to boost the Defence Sector of the country, with the reference to the present situation prevailing on Line of Actual Control (LAC) and Line of Control(LoC) with China and Pakistan;

- (b) if so, the details thereof; and
- (c) the details of steps taken by Government to tackle security situation of the country?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) to (c) Review of defence preparedness of the country's Armed Forces, including the state of technology is a continuous process. Procurement of defence equipment is undertaken from various domestic as well as foreign vendors, based on threat perception, operational challenges and technological changes and to keep the Armed Forces in a state of readiness to meet the entire spectrum of security challenges. The DRDO undertakes design and development of strategic, complex and security sensitive systems in the fields of missiles, unmanned aerial vehicles, radars, electronic warfare systems, sonars combat vehicles, combat aircraft, sensors, etc. for the Armed Forces as per their specific Qualitative Requirements for enhancing the national security of the country. The steps taken to boost the Defence Sector are given in the Statement (*See* below).

In order- to ensure that Armed Forces remain well-equipped for meeting emergent operational requirements, Special Defence Acquisition Council (DAC) on 15 Jul 2020 has accorded approval to progress urgent Capital Procurement cases under Delegated Powers including fast track procedure.

#### *Statement*

##### *Details of steps taken to boost the Defence Sector*

The Government has taken the following policy initiatives to promote 'Make in India' in defence sector:—

- (i) A new category of capital procurement 'Buy {Indian-IDDMM (Indigenously Designed, Developed and Manufactured)}' has been introduced in Defence Procurement Procedure (DPP)-2016 to promote indigenous design and development of defence equipment. It has been accorded top most priority for procurement of capital equipment.
- (ii) The 'Make' Procedure of capital procurement has been simplified. There is a provision for funding of 90% of development cost by the Government to Indian industry under Make-I category. In addition, there are specific reservations for MSMEs under the 'Make' procedure.

- (iii) Separate procedure for 'Make-II' category (Industry funded) 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. So far, 49 projects relating to Army, Navy & Air Force, have been accorded 'Approval in Principle', out of which 9 projects have already been issued Project Sanction Order for prototype development.
- (iv) Under 'Atmanirbhar Bharat' campaign of Govt. of India, Ministry of Defence (MoD) has prepared a list of 101 items for which there would be an embargo on the import beyond the timeline indicated against them. This would offer a great opportunity to the Indian defence industry to manufacture-these-items using their own design and development capabilities to meet the requirements of the Armed Forces in the coming years. This list includes-some high technology weapon systems like artillery guns, assault rifles, corvettes, sonar systems, transport aircrafts, Light Combat Helicopters (LCHs), radars and many other-items to fulfil the needs of our Defence Services.
- (v) 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. Under the iDEX scheme, a maximum of ₹ 1.5 crore funding is available to a participant for development of a prototype. More than 700 start-ups participated in 18 problem statements pertaining to National Defence requirements, launched under 3 rounds of Defence India Start-up Challenges (DISC). 58 winners were announced after rigorous evaluation of applications by the High-Powered, Selection Committees. Contracts have already been signed with several winners followed by release of first tranches and second tranche is also being released for some cases for prototype/ technology development.
- (vi) Government has notified the 'Strategic Partnership (SP)' Model in May 2017, 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.

- (vii) 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.
- (viii) An Inter-Governmental Agreement (IGA) on "Mutual Cooperation in Joint Manufacturing of Spares, Components, Aggregates and other material related to Russian/Soviet Origin Arms and Defence Equipment" was signed during the 20' India-Russia Bilateral Summit in Sep. 2019. The objective of the IGA is to enhance the After Sales Support and operational availability of Russian origin equipment currently in service in Indian Armed Forces by organizing production of spares and components in the territory of India by Indian Industry by way of creation of Joint Ventures/Partnership with Russian Original Equipment Manufacturers (OEMs) under the framework of the "Make in India" initiative.
- (ix) In Feb 2018, Government decided to establish two defence industrial corridors to serve as an engine of economic development and growth of defence industrial base in the country. They span across Chennai, Hosur, Coimbatore, Salem and Tiruchirappalli in Tamil Nadu and across Aligarh, Agra, Jhansi, Kanpur, Chitrakoot and Lucknow in Uttar Pradesh (UP).
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opportunities, procedures and regulatory requirements for investment in the sector.

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- (xiii) Under the latest Public Procurement Order 2017, Department of Defence Production has notified list of 24 items for which there is local capacity and competition and procurement of these items shall be done from local suppliers only irrespective of the purchase value.

**Tie-ups with private players for indigenous/production  
of defence equipment**

36. SHRI SAMBHAJI CHHATRAPATI: Will the Minister of DEFENCE be pleased to state:

- (a) whether Public Sector Units (PSUs) have tied-up with private players for production of a wide range of defence equipment within the country in the last five years;
- (b) if so, the details of the equipment to be manufactured indigenously;
- (c) the target fixed for starting the production of equipment at these privately-owned production houses; and
- (d) whether the technology has been indigenously developed or borrowed from other countries?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) Yes, Sir.

- (b) Details of equipment are given in the Statement (*See* below).
- (c) The defence equipment are already under production.
- (d) In majority of the cases, the technology has been indigenously developed. In some cases it has been borrowed from the foreign countries.