

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO.2105**  
TO BE ANSWERED ON 15<sup>th</sup> MARCH, 2021

**HINDRANCE IN DEFENCE MODERNISATION**

2105 SHRI SANJAY SINGH:

Will the Minister of DEFENCE be pleased to state:

- (a) whether it is a fact that Government's reluctance to grant defence contracts to country's private sector is a factor for the lack of growth in defence modernization and capabilities;
- (b) whether it is also a fact that so far, the only major contract granted to country's private sector is with Larsen & Toubro, due to which India's reliance on foreign imports for hightech weapons still continues; and
- (c) if so, steps taken by Government to stop the hindrances in the development of the indigenous industry?

**ANSWER**  
MINISTER OF STATE IN THE MINISTRY OF DEFENCE  
SHRI SHRIPAD NAIK

(a) & (b): Capital procurement of defence equipment are 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. Government is taking measures for modernization of the Armed Forces, through procurement of new equipment and upgrading of existing equipment so as to ensure that the Armed Forces are equipped to meet the entire spectrum of security challenges.

The modernization projects are progressed as per the approved Capital Acquisition Plans and in terms of the Defence Acquisition Procedure (DAP)/Defence Procurement Procedure (DPP).

(c) GoI/MoD through the Defence Acquisition Procedure (DAP) 2020 and other policy initiatives has focused on boosting indigenous defence capability, reducing reliance on imports and promoting Atmanirbhar Bharat. Some of these measures/initiatives are as under:-

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- Notification of a list of weapons/equipment/platforms for ban on import.
- Introduction of a new category “Buy (Global-Manufacture in India) to enable Foreign OEMs to set up Manufacturing facilities in India.
- Make-III (newly introduced in DAP 2020) category to enable indigenization of spares and import substitution.
- Revision of offset guidelines focused towards development of Defence ecosystem while giving incentives to ToT and Defence Manufacturing, encouraging MSMEs & Defence Industrial Corridors.
- Reservation for MSMEs and small Shipyards on orders upto Rs 100 cr/year.
- System for incentivising the use of Indigenous Military Material and Software to encourage indigenisation of military material and indigenous development of software for military use.

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