

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
RAJYA SABHA
UNSTARRED QUESTION NO.1649
TO BE ANSWERED ON 13th DECEMBER, 2021

AATMANIRBHAR BHARAT IN DEFENCE

1649. SHRI RAM SHAKAL:

Will the Minister of **Defence** be pleased to state:

(a) whether Government has taken a unique initiative of AatmaNirbhar Bharat in the defence sector; and

(b) if so, the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) & (b): The Government of India has taken many initiatives to promote Aatmanirbhar Bharat in the defence sector. The details are as per Annexure.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF RAJYA SABHA UNSTARRED QUESTION NO. 1649 FOR ANSWER ON 13.12.2021 REGARDING 'AATMANIRBHAR BHARAT IN DEFENCE'.

Steps taken by the Central Government to promote "Aatmanirbhar Bharat" in the defence sector are as under:

1. DPP-2016 has been revised as Defence Acquisition Procedure (DAP)- 2020, which is driven by the tenets of Defence Reforms announced as part of 'Aatmanirbhar Bharat Abhiyan'.
2. In order to promote indigenous design and development of defence equipment 'Buy {Indian-IDD (Indigenously Designed, Developed and Manufactured)}' category has been accorded top most priority for procurement of capital equipment.
3. Ministry of Defence has notified two 'Positive Lists' for Indigenisation comprising of 209 items on 28.08.2020 and 31.05.2021 respectively, for which there would be an embargo on the import beyond the timeline indicated against them.
4. An innovation ecosystem for Defence titled Innovations for Defence Excellence (iDEX) has been launched in April 2018 to create 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. So far, 78 problems have been opened, 89 startups have been engaged, 60 contracts have been signed for development of prototypes.
5. A Scheme for scaling up iDEX has been launched in May 2021 with a budgetary support of Rs. 498.80 crore for the next five years i.e. from 2021-22 to 2025-26. The Scheme aims at providing financial support to nearly 300 startups/ MSMEs/ individual innovators and 20 partner incubators under the Defence Innovation Organisation (DIO) framework.
6. An indigenization portal namely SRIJAN has been launched in August 2020 for DPSUs/OFB/Services with an industry interface to provide development support to MSMEs/Startups/Industry for import substitution. So far, more than 16,600 Defence items, which were earlier imported, have been displayed on the portal. Private industry has expressed interest in indigenising more than 3,500 items. Out of them, 342 items have already been indigenised.

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7. To provide autonomy and enhance efficiency, and unleash new growth potential in Ordnance Factories, the Ordnance Factory Board has been corporatized and converted into 7 new Defence Public Sector Undertakings while safeguarding the interest of all stakeholders. The new Defence PSUs have become operational from 1st October, 2021. The Government has decided to grandfather the indents/orders, worth more than Rs. 62,000 Crore, pending with OFB post corporatisation, to ensure continuity in supply of strategic arms and ammunition to the Services.
8. The Government, in September 2020, has enhanced FDI limit in Defence Sector up to 74% through the Automatic Route for companies seeking new defence industrial license and up to 100% by Government Route where it is likely to result in access to modern technology.
9. Government has established two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu. Total investments of approximately Rs. 1401.68 Crore and Rs. 2252 Crore have been reported for Uttar Pradesh Defence Industrial Corridor and Tamil Nadu Defence Industrial Corridor respectively. Moreover, the respective State Governments have also published their Aerospace & Defence Policies to attract private players as well as foreign companies including Original Equipment Manufacturers (OEMs) in these two corridors. 58 MoUs worth Rs. 8154.33 Crore have been signed between the UP Government and industries. Further, Government of Tamil Nadu has signed 32 MoUs worth Rs. 10,406 Crore with industries.
10. 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 in September, 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). Contract for setting up first facility for manufacturing of 24 types of spares of Indian Air Force, in Hyderabad have been concluded on 13th August, 2021.
11. Defence Products list requiring Industrial Licenses has been rationalized 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 3 years to 15 years with a provision to further extend it by 3 years on a case-to-case basis.

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12. The 'Make' Procedure of capital procurement has been simplified. There is a provision for funding upto 70% 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.
13. Procedure for 'Make-II' category (Industry funded) was introduced to encourage indigenous development and manufacture of defence equipment. So far, 60 projects, relating to Army, Navy & Air Force, have been accorded 'Approval in Principle'.
14. Ministry has introduced an end-to-end online export authorisation system that has resulted in a marked increase in the number of online export authorisations issued. This has reduced the average time taken for issuance of export Authorisations considerably from 86 days to 35 days in case of Systems/Sub-systems and from 24 days to 13 days in case of components.
15. Reforms in Offset policy have been included in DAP-2020, with thrust on attracting investment and Transfer of Technology for Defence manufacturing, by assigning higher multipliers to them.
16. Defence Investor Cell (DIC) has been created in February, 2018 the Ministry to provide all necessary information including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector. So far, DIC has received and addressed more than 1200 queries.
17. For Financial Year 2021-22, the allocation for Domestic procurement has been enhanced compared to previous years and is planned to be about 64.09 % i.e. Rs. 71,438.36 Crore of the allocated amount for military modernization.
18. To give a major boost to development of innovative defence technologies and support the growing Startup base in the country, Ministry of Defence has decided to channelize Rs. 1000 crore during 2021-22 for procurement from the iDEX Startups.
