

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
RAJYA SABHA
UNSTARRED QUESTION NO. 2776
TO BE ANSWERED ON 28TH MARCH, 2022

PROMOTION OF MSMEs IN DEFENCE SECTOR

2776. DR. KANIMOZHI NVN SOMU:

Will the Minister of Defence be pleased to state:

- (a) the details of events and initiatives under the scheme for promotion of MSMEs in defence sector in the last three years;
- (b) the details of procurement from MSMEs by Government in the last three years;
- (c) the details of measures taken by Government to train and upgrade skills of MSME workers during COVID-19 pandemic;
- (d) the total procurement from MSMEs after the embargo on 101 items introduced recently; and
- (e) the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a): The Government has taken the following policy initiatives for promotion of Micro, Small & Medium Enterprises (MSMEs) in defence sector:

- (i) In the Defence Acquisition Procedure 2020, there are specific reservations on Orders up to Rs. 100 Crore/ year for MSMEs.
- (ii) 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 support to carry out R&D which has potential for future adoption for Indian defence and aerospace needs.
- (iii) The Defence Offset guidelines have further paved the way for proactive participation of MSMEs of India by incorporating a scheme of multipliers of 1.5 for engaging MSME as Indian Offset Partners (IOP), which promotes their integration in global supply chain.

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- (iv) MSMEs are important partners in DRDO projects and DRDO transfers technologies to them. They are important partners in industry ecosystem for the production of DRDO developed products. DRDO through its scheme Technology Development Scheme (TDF) funds industries, especially Start-ups and MSMEs upto an amount of Rs 10 Cr. for innovation, research and development of Defence Technologies in the field of Defence and Aerospace.
- (v) Department of Defence Production (DDP) conducts outreach programs in various parts of the country to interact with Industry Associations, Industry especially MSMEs and academia, to spread awareness about the potential export opportunities. A scheme aimed to promote MSMEs in defence is in place. Under this scheme, conclaves/ seminars are being organized in Tier II and Tier III cities across the country with strong industrial MSMEs presence with the support of the DDP.
- (vi) Regular interactions are taking place to settle the grievance of vendors at DPSUs. A Defence Investor Cell has been opened in DDP to address the issues being faced by vendors especially MSME vendors.

(b): The details of procurement by DPSUs/erstwhile OFB from MSMEs during the last three years are as under:

Procurement from MSMEs during the last three years (Value in Rs Crore)			
Year	2018-19	2019-20	2020-21
Value	4842.92	4603.95	5463.82

(c): Ministry of MSME through its 18 Tool Rooms and Technical Institutions spread across the country imparts training in the field of Tool making and allied Trades to youth as well as MSMEs and its workers, including during the COVID-19 pandemic period. DPSUs also organize various MSMEs Vendor Development Program (VDP), Skill Development Programs and webinar sessions on regular basis for MSME vendors, including during the COVID-19 pandemic. Online support and guidance is provided to MSMEs for registration and for uploading the tender on GeM and NIC portal by DPSUs. In addition, Ministry of MSME imparts training and upgrades/develops skills of unemployed youth and MSMEs through various programmes/schemes, as given below:

- (i) Under the National SC-ST Hub Scheme, skill training/entrepreneurship development programs are organized for aspiring and existing SCs/STs entrepreneurs through various Training Institutions across the country.
- (ii) Under the Coir Vikas Yojana, Ministry also implements 'Skill Upgradation and Mahila Coir Yojana' which imparts training for Women artisans engaged in Coir sector.

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(iii) Under the 'Prime Minister Employment Generation Programme' (PMEGP) Scheme, all beneficiaries are mandatorily provided with Entrepreneurship Development Program (EDP) training through online/offline mode before setting up their units.

(d) & (e): Contracts for worth Rs. 53,838 Crore for 31 equipment have been awarded by the Armed Forces to the domestic industry since notification of the two Positive Indigenization Lists. No separate data for MSMEs is centrally maintained in this regard.
