

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE PRODUCTION  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1966**  
TO BE ANSWERED ON 21<sup>ST</sup> MARCH, 2022

**SETTING UP OF NEW DEFENCE UNDERTAKINGS**

1966. Ms. SAROJ PANDEY:

Will the Minister of Defence be pleased to state:

- (a) the number of new undertakings set up for the manufacturing of modern weapons and armament indigenously, during the last five years;
- (b) the steps taken to enhance the capacity of manufacturing undertakings functioning in the country and financial expenditure incurred by Government, in this regard; and
- (c) the annual quantum of foreign exchange likely to be saved by the country on account of indigenous manufacturing of these weapons, and by when the country would be self reliant in the manufacturing of arms and ammunition for fulfilling the domestic requirements?

A N S W E R

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a): Seven new Defence Public Sector Undertakings have been set up with effect from 1st October 2021, by converting 41 production units of erstwhile Ordnance Factory Board (OFB), for manufacturing of modern weapons and armament indigenously, during the last five years. Further, the Defence Industry Sector, which was hitherto reserved for the public sector, was opened up to 100% for Indian private sector participation in May 2001. In the last five years, Government has issued a total of 214 Defence Industrial Licenses to the private sector as well, out of them 43 industries have reported commencement of production.

(b): The Government has taken several policy initiatives in the past few years under 'Make in India' program and brought in reforms to enhance the capacity of manufacturing undertakings and private industries functioning in the country by encouraging indigenous design, development and manufacture of defence equipment. Following steps have been taken by Government:

- i. Announcement of 18 major platforms for industry led design and development.

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- ii. Notification of two 'Positive Indigenisation Lists' of total 209 items of Services and one 'Positive Indigenisation List' of total 2851 items of Defence Public Sector Undertakings (DPSUs), for which there would be an embargo on the import beyond the timelines indicated against them.
- iii. Launch of an indigenization portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs.
- iv. Launch of Innovations for Defence Excellence (iDEX) scheme involving start-ups & Micro, Small and Medium Enterprises (MSMEs).
- v. Simplification of Industrial licensing process with longer validity period.
- vi. To provide autonomy and enhance efficiency and unleash new growth potential in the Ordnance Factories, the Government has corporatized OFB and converted it into seven new Defence Public Sector Undertakings.
- vii. Simplification of Make Procedure.
- viii. Implementation of Public Procurement (Preference to Make in India) Order 2017.
- ix. Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu.

The capital budget for procurement from domestic industries is continuously increasing. In the last few years, it has gone up from 58% of total capital budget to 68% for the year 2022-23 amounting to Rs. 84597.89 Crore. In addition to it, Government of India has also funded some DPSUs & Ordnance Factories in last five years to enhance their manufacturing capacity which is as follows:

- i. A total of Rs. 90.08 Crore has been invested under Repair & Refurbishment of Machinery and Infrastructure (RRMI) Scheme in Hindustan Shipyard Limited (HSL).
- ii. Rs. 880 Crore has been provided to Goa Shipyard Limited (GSL) under Infrastructure Augmentation Plan as Government funding.
- iii. A total expenditure of Rs. 5263.92 Crore has been incurred by erstwhile OFB under modernisation [Renewal & Replacement (RR), New Capital (NC) P&M, Capital Civil Works].
- iv. An amount of Rs.2765.95 Crore has also been released to the 7 new companies during the current financial year for capital works and equity.

(c): There has been a decline in percentage of capital expenditure on procurement of Defence equipment from foreign vendors from 48% in 2018-19 to 36% in 2020-21.

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