



# Progress of Make in India Initiative

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‘Make in India’ in defence manufacturing is primarily driven by capital acquisition of defence equipment and other policy measures taken to promote indigenous design, development and manufacture of defence equipment in the country by harnessing the capabilities of the public and private sector. These measures include according priority and preference to procurement from Indian vendors under the Defence Procurement Procedure (DPP) 2016, liberalization of the licensing regime and FDI policy by raising the cap on FDI in the defence sector, simplification of export procedure, streamlining of defence offset guidelines etc. Recently, the Government has notified the ‘Strategic Partnership (SP)’ Model which envisages establishment of long-term strategic partnerships with Indian Private entities through a transparent and competitive process, wherein they would tie up with global OEMs to seek technology transfers to set up domestic manufacturing infrastructure and supply chains.

The Capital expenditure on procurement of defence equipment by three Services, from Indian vendors has increased from Rs. 31575 Crore (47% of total Procurement value) in 2013-14 to Rs. 41873 Crore (60.5% of total Procurement value) in 2016-17. In last three financial years i.e. 2014-15 to 2016-17, the Government has accorded Acceptance of Necessity (AoN) for 145 proposals worth Rs. 399800 Crore approximately, out of which 103 proposals worth Rs. 2,46,400 Crore approximately have been approved under ‘Buy (Indian-IDD)’ , ‘Buy (Indian)’ , ‘Buy and Make (Indian)’ and ‘Make’ categories of capital acquisition.

After opening up of the Defence Industry Sector for private Sector participation in 2001, so far 342 Letters of Intent (LOIs) / Industrial Licences (ILs) have been issued to 205 Indian companies for manufacture of a wide range of defence items to public / private companies. 13 ILs have been issued to 12 Indian companies for manufacture of fighter aircrafts, helicopter, or their parts / components / assemblies etc in the country.

Foreign companies are allowed to have tie-ups with Indian vendors for indigenous production involving Transfer of technology (ToT) under ‘Buy & Make (Indian)’ and ‘Buy & Make’ categories of capital acquisition. Some of the major projects approved under these categories in the past three years include 155mm / 52 caliber Mounted Gun system, Extended Range (ER) Rockets for 122mm GRAD Multi Barrel Rocket Launcher, Successor to Air Defence Guns, New Generation Ammunition for 84mm Rocket Launcher, Mine Ploughs Sets etc.

One of the objectives of ‘Make in India’ initiative is to build world class manufacturing infrastructure in the country so as to reduce dependence on imports and to reduce the cost in the long run. However, this being a long term activity, it is premature to assess its impact on reduction in manufacturing cost at this stage.

This information was given by Minister of State for Defence Dr. Subhash Bhamre in a written reply to Shri Manoj Tiwari in Lok Sabha today.

Nampi/Ranjan

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