



Defence and Aero Manufacturing

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Since the launch of 'Make in India' in September 2014, several measures have been taken by the Government to promote indigenous design, development and manufacture of defence & aerospace equipment in the country by harnessing the capabilities of the public and private sector. These measures inter alia include:

- Defence Procurement Procedure (DPP) has been revised and has come into effect from 1st April 2016. A new category of procurement 'Buy {Indian-IDDM (Indigenously Designed, Developed and Manufactured)}' has been introduced in DPP-2016 which has been accorded top most priority for procurement of capital equipment. Besides this, preference has been accorded to procurement under 'Buy (Indian)' and 'Buy and Make (Indian)' categories of capital acquisition over 'Buy (Global)' & 'Buy & Make (Global)' categories. The 'Make' Procedure has been simplified with provisions for funding of 90% of development cost by the Government to Indian industry and reserving projects not exceeding development cost of Rs.10 Crore (Government funded) and Rs.3 Crore (Industry funded) for MSMEs.
- FDI Policy has been revised and under the revised policy, Foreign Investment up to 49% is allowed through automatic route and above 49% under Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded.
- Industrial licensing regime for Indian manufacturers under IDR {Industries (Development and Regulation)} Act, 1951 has been liberalised and most of the components/ parts / sub-systems have been taken out from the list of defence products requiring Industrial Licence. This has reduced entry barriers for new entrants in this sector, particularly SMEs. The initial validity of Industrial Licence under 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.
- Issues related to level-playing field between Indian & foreign manufacturers, and between public sector & private sector have also been addressed. These include Exchange Rate Variation (ERV) protection for all Indian vendors, removing existing tax anomalies etc.
- Offset guidelines have been made flexible by allowing change of Indian Offset Partners (IOPs) and offset components, even in signed contracts. Foreign Original Equipment Manufacturers (OEMs) are now not required to indicate the details of IOPs and products at the time of signing of contracts. 'Services' as an avenue of discharge of offset have been re-instated.
- The process for export clearance has been streamlined and made transparent & online.
- Recently, the Government has notified the 'Strategic Partnership (SP)' Model which envisages establishment of long-term strategic partnerships with Indian companies through a transparent and competitive process, wherein they are required to engage with global OEMs for Transfer of Technology and domestic manufacturing infrastructure.

The Department of Industrial Policy and Promotion (DIPP) under Ministry of Commerce & Industry, administers 'Modified Industrial Infrastructure Upgradation Scheme (MIUS)' for upgradation of common industrial infrastructure in Industrial Clusters in the country. Project proposals for Defence and Aero Manufacturing Clusters are also considered under MIUS.

Gujarat Industrial Development Corporation (GIDC) and Dholera Industrial City Development Limited (DICDL), after identifying the land around Sanand and Dholera respectively, forwarded the following two proposals related to Defence and Aerospace manufacturing sector to Ministry of Commerce & Industry, Government of India:-

- The first project proposal was for establishment of Defence park at Sanand Industrial Estate, under MIUS, from GIDC. Since, DIPP had already approved two other non-defence project proposals under MIUS, this proposal could not be considered due to cap of two projects per State in MIUS guidelines.
- Another proposal was received from DICDL, Government of Gujarat for seeking support and guidance for attracting major Aerospace and Defence manufacturing companies to invest in Dholera. DIPP had advised to DICDL to take up the proposal for establishment of Aerospace and Defence Manufacturing Park in Dholera with associations like Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI) etc.

This information was given by Minister of State for Defence Dr Subhash Bhamre in a written reply to Shrimati Darshana Vikram Jardosh in Lok Sabha today.

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