

**PRESS INFORMATION BUREAU (DEFENCE WING)
GOVERNMENT OF INDIA**

‘हर काम देश के नाम’

New Delhi, Sravana 03, 1944
Monday, July 25, 2022

SELF RELIANCE IN DEFENCE MANUFACTURING

The Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment in the country, thereby expanding the production of indigenous defence equipment. These initiatives, inter-alia, include according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020; Announcement of 18 major defence platforms for industry led design & development in March 2022; Notification of three ‘Positive Indigenisation Lists’ of total 310 items of Services and two ‘Positive Indigenisation Lists’ of total 2958 items of Defence Public Sector Undertakings (DPSUs) for which there would be an embargo on the import beyond the timelines indicated against them; Simplification of Industrial licensing process with longer validity period; Liberalization of Foreign Direct Investment (FDI) policy allowing 74% FDI under automatic route; Simplification of Make Procedure; Launch of Innovations for Defence Excellence (iDEX) scheme involving start-ups & Micro, Small and Medium Enterprises (MSMEs); Implementation of Public Procurement (Preference to Make in India) Order 2017; Launch of an indigenization portal namely SRIJAN to facilitate indigenization by Indian Industry including MSMEs; Reforms in Offset policy with thrust on attracting investment and Transfer of Technology for Defence Manufacturing by assigning higher multipliers; and Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Opening up of Defence Research & Development (R&D) for industry, start-ups and academia with 25% of defence R&D budget earmarked to promote development of defence technology in the country; Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

With these actions of the Government, the expenditure on defence procurement from foreign sources which used to be 46% of the overall expenditure has reduced to 36% in the last four years *i.e.* 2018-19 to 2021-22.

This information was given by Raksha Rajya Mantri Shri Ajay Bhatt in a written reply to Shri Vijay Pal Singh Tomar in Rajya Sabha today.

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FDI IN DEFENCE SECTOR

The Government vide Press Note No. 4(2020 Series) dated 17.09.2020, has liberalised and allowed FDI under automatic route up to 74% and up to 100% through Government route wherever it is likely to result in access to modern technology. Since the notification of revised FDI policy, the total FDI inflow reported till May, 2022 is approximately Rs. 494 Crores. The Department of Defence Production (DDP) has brought in number of Policy reforms for attracting investment:

- Higher multipliers assigned in Offset Policy to attract investment and Transfer of Technology for Defence manufacturing.
- Specific consultations are done regularly with Foreign Original Equipment Manufacturers (FOEMs).
- Two Defence Corridors have been established; one in Tamil Nadu and another in Uttar Pradesh which provide Plug & Play support to the industries including FOEMs in the Corridor. Under the Aerospace & Defence Policy notified by the two State Governments, Customized incentive packages are provided to investors based on investment, employment and project location which may include GST based refunds on sales, Stamp duty concessions on land allotment, Electricity Tax exemption, Capital subsidy and Training subsidy for training workers.
- Webinars are conducted with Friendly Foreign Countries (FFCs) under the aegis of DDP, Ministry of Defence (MoD) through Indian Missions abroad and Industry Associations with active participation from Indian Defence Industries. Webinars have been conducted with 27 FFCs till date.
- Defence Investor Cell has been created to provide all necessary information including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector. 1,445 queries have been addressed by the Cell till date.

This information was given by Raksha Rajya Mantri Shri Ajay Bhatt in a written reply to Shri K R Suresh Reddy in Rajya Sabha today.

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**NEW BANKING POLICY FOR PURCHASE FROM FOREIGN
COUNTRIES**

In line with opening of allocation of Government business to Private Sector Banks by the Department of Financial Services, Ministry of Defence has assigned HDFC Bank, ICICI Bank and Axis Bank to provide financial services in form of Letter of Credit (LC) and Direct Benefit Transfer (DBT) business for overseas procurement by the Ministry. Till now, only authorised Public Sector Banks were utilised to provide these services to the Ministry. Allocation of LC and DBT business to Private Sector Banks is expected to bring in greater competition and efficiency in the banks.

This information was given by Raksha Rajya Mantri Shri Ajay Bhatt in a written reply to Smt Geeta alias Chandraprabha in Rajya Sabha today.

ABB/Savvy

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WEAPONRY MANUFACTURING UNITS

In order to promote ‘Make in India’ in defence sector, the Government has issued 584 Defence Licenses to 358 private companies for setting up of manufacturing units, including 107 licenses for weapon manufacturing. In addition, there are 16 Defence Public Sector Companies manufacturing various platforms & equipment for the Armed Forces.

This information was given by Raksha Rajya Mantri Shri Ajay Bhatt in a written reply to Smt Jebi Mather Hisham in Rajya Sabha today.

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CONSTRUCTION OF ALL WEATHER ROADS IN BORDER AREAS

The Border-wise length of new roads constructed in the last five years to facilitate all-weather access to the borders of the country and financial expenditure incurred thereon for these projects by BRO are tabulated below:

S No	Name of the Border	Road constructed in last 5 years on Borders (Kms)	Expenditure in last 5 Years (Cr)
(i)	India-China	2088.57	15477.06
(ii)	India-Pakistan	1336.09	4242.38
(iii)	India-Myanmar	151.15	882.52
(iv)	India-Bangladesh	19.25	165.45
Total		3595.06	20767.41

This information was given by Raksha Rajya Mantri Shri Ajay Bhatt in a written reply to Ms Saroj Pandey in Rajya Sabha today.

ABB/Savvy