

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:2221

ANSWERED ON:29.07.2016

Strategic Partners for Domestic Manufacturing

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Will the Minister of DEFENCE be pleased to state:

(a) whether the Government has finalized the guidelines on selecting strategic partners to develop domestic manufacturing under the new Defence Procurement Procedure, 2016, if so, the details thereof and if not, the reasons therefor;

(b) whether the Government has received any objections from the industry on the proposed guidelines and if so, the details thereof and the action taken thereon;

(c) the details of steps taken for involving and encouraging private sector enterprises in joint development of defence technology and manufacture of defence equipment along with the letter of intent issued to these enterprises during 2015-16; and

(d) whether the Government proposes to provide eighty percent funding to the Research and Development taken by the private sector companies in defence production and if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI MANOHAR PARRIKAR)

(a) to (d): The Government is committed to the goal of achieving self-reliance in our defence capabilities. Accordingly, the concept of 'Make in India' is a focal point of the current defence acquisition policy and procedures. The Defence Procurement Procedure (DPP) focuses on giving

boost to the 'Make in India' initiative of the Government through indigenous design, development and manufacturing of defence equipment, platforms and systems. A new category viz. 'Buy (Indian-IDD)' [Indigenously Designed, Developed and Manufactured] has been introduced as the most preferred category of Procurement. The 'Make' procedure has been simplified to ensure increased participation of Indian Industry. There is provision for Government funding of upto 90% in cases involving design and development systems / equipment which necessitate harnessing of critical technologies and which may involve large infrastructure investment. Provisions for involving private industry as Production Agencies and Technology Transfer Partners have been incorporated. The role of MSMEs has also been enhanced in the defence sector.

The V.K. Aatre Task Force was constituted by Government to lay down criteria for selection of the Strategic Partners for various platforms from the Private Sector Industry. It has presented its Report to Government.
