

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE  
**LOK SABHA**

**STARRED QUESTION NO.47**

TO BE ANSWERED ON THE 18<sup>TH</sup> NOVEMBER, 2016

**DEFENCE EQUIPMENT**

\*47. SHRI NITYANAND RAI:

Will the Minister of DEFENCE j{k k ea=h  
be pleased to state:

- (a) whether the share of domestic companies in the manufacture and procurement of defence equipment is abysmally low, and if so, the details thereof and the reasons therefor;
- (b) whether the steps have been taken / being taken for encouraging indigenous manufacturing of defence equipment and if so, the details thereof along with the outcome thereof; and
- (c) the status of 'Make in India' initiatives in the Defence Sector?

**A N S W E R**

MINISTER OF DEFENCE

(SHRI MANOHAR PARRIKAR)

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**(a) to (c): A Statement is laid on the Table of the House.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 47 FOR ANSWER ON 18.11.2016**

During the last two financial years (2014-15 and 2015-16) 108 contracts with total value of Rs.1,12,736.81 crore have been signed for capital procurement of defence equipment, out of which 73 contracts involving a value of Rs.72,303.34 crore were signed with Indian vendors. During 2014-15 and 2015-16, the Defence Acquisition Council has accorded Acceptance of Necessity (AON) to 114 capital procurement cases involving an estimated cost of Rs.2,25,022 crore of which 85 cases involving Rs.1,60,362 crore are under the 'Buy (Indian)' 'Buy & Make (Indian)' and 'Buy & Make' categories.

A number of measures have been adopted to achieve self sufficiency in defence production 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 providing access to modern and state-of-the-art technology to Indian industry by raising the cap on FDI in the defence sector.

The new Defence Procurement Procedure (DPP) 2016 has been promulgated for capital procurements and has come into effect from 1<sup>st</sup> April 2016. DPP 2016 has a focus on achieving the "Make in India" vision by according topmost priority to 'Buy Indian – IDDM (Indian Designed, Developed and Manufactured) and 'Buy (Indian)' categories. It also focuses on enhancement and rationalization of indigenous content. The 'Make' Procedure has been simplified with provisions for earmarking projects not exceeding development cost of Rs.10 crores (government funded) and Rs.3 crores (industry funded) for MSMEs; and with provisions for involving private industry as production agencies and technology transfer partners.

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