

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

UNSTARRED QUESTION NO.2774  
TO BE ANSWERED ON THE 2<sup>ND</sup> DECEMBER, 2016

**DELIVERING OF MODERN DEFENCE HARDWARE**

2774. SHRI R. PARTHIPAN:

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

- (a) whether the country's defence industry suffers from major policy, structural and cultural challenges which is hampering the delivering of modern defence hardware / equipment to defence forces;
- (b) if so, the details thereof; and
- (c) the corrective measures taken by the Government to tackle the issue?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE  
रक्षा राज्य मंत्री

(DR. SUBHASH BHAMRE)  
(डा. सुभाष भामरे)

**(a) to (c): A Statement is attached.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA UNSTARRED QUESTION NO. 2774 FOR ANSWER ON 2.12.2016**

1. The requirements of defence equipment for the Indian Armed Forces are met through both indigenous production and imports. The expenditure on purchase of defence equipment for the three services in the last two years and current financial year, from the Foreign vendors and Indian vendors is as given below:-

(Rs. in crore)

	Total Procurement	Procurement from Foreign Vendors	Procurement from Indian Vendors
2014-15	77986.32	29159.69	48826.63
2015-16	76178.80	26190.46	49988.34
2016-17 (upto October 2016)	32073.18	9278.26	22794.92

2. 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, of which 85 cases involving Rs.1,60,362 crore are under the 'Buy (Indian)' 'Buy & Make (Indian)' and 'Buy & Make' categories.

3. 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 technology to Indian industry by raising the cap on FDI in the defence sector.

4. 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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