GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO.3888
TO BE ANSWERED ON 17th JULY, 2019

POLICY ON OFFSET CLAUSE

3888. SHRIMATI RATHVA GITABEN VAJESINGHBHAI:
     SHRI KODIKUNNIL SURESH:

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

(a) the policy on Offset Clause for the acquisition of Defence equipment from foreign manufacturers;

(b) whether the main objectives of the Offset Clause is to promote the domestic manufacturing and if so, the details thereof;

(c) whether the Government is considering the relaxation of the Offset Clause requirement in defence equipment procurement and if so, the details and the reasons thereof; and

(d) whether the Government is aware of the media reports raising apprehension of a potential conflict of interest between the Government and the offset contracts company, especially in regard to the Rafale deal and if so, the details thereof and the reaction of the Government thereto?

A N S W E R

MINISTER OF STATE   (SHRI SHRIPAD NAIK)
IN THE MINISTRY OF DEFENCE

रक्षा राज्य मंत्री   (श्री श्रीपाद नाईक)

(a) to (c): Defence Procurement Procedure 2016 contains Defence Offset Guidelines which stipulate provisions for the offsets obligations in specified categories of Defence Acquisitions as a policy. The key objective of the Defence Offset Policy is to

leverage the capital acquisitions to develop Indian Defence Industry. The Defence Offset Guidelines were amended from time to time based on the experience gained in implementation and made more industry friendly. The offset discharge avenues available to vendors have also increased gradually.

(d)   As per Defence Offset Guidelines, the Original Equipment Manufacturer (OEM)/Vendor/Tier-I Sub-vendor is free to select the Indian Offset Partner (IOP) for implementing the offset obligations provided the IOP has not been barred from doing business by the Ministry of Defence. Government of India has no role in the selection of IOP which is a commercial decision of the OEM.

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