

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:1485
ANSWERED ON:30.11.2006
PRIVATE PARTICIPATION IN DEFENCE PRODUCTION
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Will the Minister of DEFENCE be pleased to state:

(a) Whether the private sector has not yet become a partner in Defence production in the manner visualized by the Government despite industrial licences having been issued to 19 private firms for the manufacture of a wide range of Defence products ranging from bulletproof vests to aircraft as reported in the 'Hindustan Times' dated October 13, 2006;

(b) If so, the facts thereof; and

(c) The steps taken/proposed to be taken by the Government to encourage private participation in the defence production for lesser dependence on imported defence products ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF DEFENCE PRODUCTION (RAO INDERJIT SINGH)

(a)to(c) : The defence industry sector was opened for Indian private sector participation in May 2001. So far, 29 Letters of Intent/Industrial Licences have been issued to various private sector companies for production of a wide range of defence items.

Government has taken several steps to encourage private sector participation in Defence production. Defence Procurement Procedure ("Make" Category) notified recently as part of Defence Procurement Procedure-2006 addresses the concerns of Indian industry relating to shared development cost and minimum order quantity. Besides incorporating 'Offset' provision in defence contracts, a provision has also been made in the procedures to provide level playing field to the Indian private industry. Selection of tier-I industries in the private sector to assume the role of system integrators is also expected to further encourage their participation in defence production.