

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:62
ANSWERED ON:03.03.2008
REVISION OF DEFENCE PROCUREMENT POLICY
Adsul Shri Anandrao Vithoba;Singh Shri Mohan

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government proposes to revise the Defence Procurement Policy;
- (b) if so, the salient features thereof;
- (c) whether the Government is considering any scheme to involve indigenous companies and also the Multinational Companies operating in the country in the defence deals; and
- (d) if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.62 FOR ANSWER ON 3.3.2008

Government promulgated Defence Procurement Procedure (DPP-2006) with effect from 1st September, 2006 to ensure expeditious procurement of the approved requirements of the Armed Forces in terms of capabilities sought and time frame prescribed.

DPP-2006 provides for review of the procurement procedure after every two years in the light of the practical experience gained in its implementation.

To encourage participation by Indian companies and strengthen the domestic technical/ industrial base, Capital Acquisitions have been categorized in the Defence Procurement Procedure -2006 as under:-

- (a) Acquisitions covered under the 'Buy' decision. Buy would mean an outright purchase of equipment. Based on the source of procurement, this category would be classified as 'Buy (Indian)' and 'Buy (Global)'. 'Indian' would mean Indian vendors only and 'Global' would mean foreign as well as Indian vendors. 'Buy Indian' must have minimum 30% indigenous content if the systems are being integrated by an Indian vendor.
- (b) Acquisitions covered under the 'Buy & Make' decision would mean purchase from a foreign vendor followed by licensed production /indigenous manufacture in the country.
- (c) Acquisitions covered under the 'Make' decision would include high technology complex systems to be designed, developed and produced indigenously.