

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:256
ANSWERED ON:15.03.2010
PRIVATE SECTOR IN DEFENCE PRODUCTION
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Will the Minister of DEFENCE be pleased to state:

- (a) the share of private sector in the overall import of defence products/systems;
- (b) the level of indigenization achieved in the defence production so far and the extent of private investment made therein;
- (c) whether the ordnance factories are unable to face stiff competition from the private sector in the matter of supply of defence products;
- (d) if so, the details thereof and the action taken thereon including the steps taken to modernize the production units;
- (e) whether the government proposes to revisit defence production policy so as to involve private sector including small and medium enterprises in the manufacture of equipment including arms and ammunition; and
- (f) if so, the details thereof?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) Defence Ministry does not maintain any data on imports by private companies. Import of defence products/systems is from foreign Original Equipment Manufacturers (OEMs). The Defence Procurement Procedure (DPP-2008) provides for direct dealing with OEMs or Authorised vendors or Government sponsored Export Agencies (Applicable in case of countries where domestic laws do not permit direct export by OEM) in cases of items being procured through import from foreign nations.

(b) The level of indigenization achieved by Defence Public Sector Undertakings and OFB during 2008-2009, has been around 60%.

The Ministry of Defence does not maintain data on investments made by private sector. Till date, 127 private sector Companies have been issued Letters of Intent/Industrial Licenses for manufacture of a wide range of defence equipment.

(c) No, Madam.

(d) Does not arise. Modernizing of Ordnance Factories and production units is an on-going process.

(e) & (f): The Government is in the process of revisiting the defence production policy to enhance our indigenous capability to manufacture our requirements for defence equipment by greater involvement of both the public sector as well as the private sector.