

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:1176
ANSWERED ON:02.08.2010
EXPENDITURE ON PROCUREMENT OF WEAPONS
Lal Shri Kirodi

Will the Minister of DEFENCE be pleased to state:

- (a) the amount spent on procurement of weapons from foreign countries during the current financial year;
- (b) the investment made by the Government for the indigenous development and manufacture of weapons in various Ordnance Factories, Defence Research and Development Organisation (DRDO) and the Public Sector Undertakings; and
- (c) the steps taken by the Government to check the role of middlemen in arms deals?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) to (c): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA UNSTARRED QUESTION NO. 1176 FOR ANSWER ON 2.8.2010

A sum of Rs.5525.36 crore has been spent upto June 2010 on capital procurement of various kinds of defence equipment for armed forces including weapons in the current financial year 010-2011. Out of this amount, a sum of Rs.210.17 crore has been spent on procurement from foreign vendors.

Book value of total net worth of the Government investment as on 31st March 2009 in Defence Public Sector Undertakings and Ordnance Factories is Rs.11,685.77 crore. A sum of Rs.3802.26 crore was spent by Defence Research and Development Organisation (DRDO) against "Plant and Machinery" (Capital) as per the final Controller General of Defence Accounts (CGDA) compilation issued for 2009-2010.

Defence Procurement Procedure (DPP) 2008 (Amendment 2009) provides for direct dealing with Original Equipment Manufacturers (OEM) or Authorized Vendors or Government sponsored Export Agencies (applicable in case of countries where domestic laws do not permit direct export by OEMs). Further, the procedures inter-alia incorporate provisions for penalties being imposed if any seller engages any individual or firm, whether Indian or foreign whatsoever, to intercede, facilitate or in any way recommend to the Government of India or any of its functionaries, whether officially or unofficially, to the award of the contract to the Seller. In addition, Defence Procurement Procedure provides for signing of an Integrity Pact between the Government Department and the bidders for all procurement schemes over Rs.100 crores. These provisions have been incorporated in the DPP to check role of middlemen in defence procurement cases.