

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:4217

ANSWERED ON:03.08.2009

PROCUREMENT OF DEFENCE EQUIPMENT

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Will the Minister of DEFENCE be pleased to state:

- (a) whether the major part of defence requirements is met by imports;
- (b) if so, the details thereof, indicating the amount of expenditure incurred on procurement of defence equipment during the last three years and proposed for the next three years;
- (c) the equipment procured/proposed during the said period;
- (d) the equipment exported during the period and foreign exchange earned therefrom; and
- (e) the steps taken by the Government to reduce dependence on import of defence equipment?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF DEFENCE (SHRI A.K. ANTONY)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 4217 FOR ANSWER ON 3.8.2009

Procurement of defence equipment is made by the Government from various indigenous as well as foreign sources to meet the requirements of the Armed Forces. The import option is exercised when it is necessary to procure the items within a definite timeframe on operational grounds to bridge the capability gaps and normally when such equipment cannot be sourced indigenously within a specified timeframe. The major part of defence requirement is met through acquisition from indigenous sources. Expenditure incurred on import of defence equipment during the last three years 2006-2007, 2007-2008 and 2008-2009 is as follows:

Year Expenditure incurred on import
of defence equipment (Rs. in Crores)

2006-2007	5541.28
2007-2008	10161.85
2008-2009	10203.12

Since procurement is based on security concerns, perspective capabilities, equipment profile and availability of funds, it is not feasible to indicate the future expenditure proposed for the next three years.

During the last three years, 2006-2007, 2007-2008 and 2008-2009 a sum of Rupees 1261.45 crores (approximately) has been earned in foreign exchange through export of defence equipment/items. In order to reduce dependence on import of defence equipment, DPP-2008 has laid down 'Make' procedure to ensure indigenous research, design, development and production capabilities sought by the armed forces in prescribed time frame while optimally utilizing the potential of Indian industry. The procedure is aimed at achieving self reliance in defence equipment. In addition, procurement under 'Buy (Indian)' category provides for minimum 30% indigenous content. Further, an offset clause has been made applicable for all procurement proposals where indicative cost is Rs.300 crore or more and the schemes are categorized as 'Buy (Global)' involving outright purchase from foreign/Indian vendors and 'Buy and Make with Transfer of Technology' i.e. Purchase from foreign vendor followed by Licensed Production.