

**GOVERNMENT OF INDIA  
DEFENCE  
LOK SABHA**

UNSTARRED QUESTION NO:927  
ANSWERED ON:28.11.2011  
INDIGENOUS BUILDING OF SHIPS  
Bajwa Shri Partap Singh

**Will the Minister of DEFENCE be pleased to state:**

- (a) whether Defence Public Sector Undertakings (DPSUs) are losing out on contracts for indigenously building ships and other naval craft to private players;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the corrective steps being taken to make the DPSUs more competitive?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI M.M. PALLAM RAJU)

(a) For indigenously building ships and other naval crafts, in accordance with the Defence Procurement Procedure, 2011, Chapter-III, Procedure for Defence Shipbuilding – Defence shipyards are awarded some contracts on nomination basis while other contracts are awarded on competitive basis. Defence shipyards are participating with private yards in an open competition. In some of the cases they have lost out to private shipyards.

(b) Defence Shipyards quoted for Naval Offshore Petrol Vessels, Barges, Hovercraft, Fast Petrol Vessels, Interceptor Boats, Cadet Training Ships and Fast interceptor crafts but lost to private yards. The Defence shipyards have indicated that major reasons of losing out are:

- (i) Higher wage rates for the labour and thereby increase in overheads;
- (ii) Longer time taken to procure the materials by observing the laid down procedures thus pushing up their prices.

(c) To enhance the competitive edge in future, following measures are being undertaken:-

- (i) Modernisation of DPSUs including Defence shipyards with latest state-of-the-art facilities and introducing modern integrated construction methodology,
- (ii) Strengthening of design and production facilities,
- (iii) Induction of manpower both at the skilled worker level and at management level.