

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:533
ANSWERED ON:14.05.2012
DEFENCE PROCUREMENT POLICY
Tewari Shri Manish

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has initiated steps to update the Defence Procurement Policy;
- (b) if so, the measures that have impelled this exercise;
- (c) whether it is a routine exercise or is something that has been impelled by specific inputs from users and vendors in addition to other stakeholders and if so, the details thereof;
- (d) the total quantum of defence procurements across all sectors from 1 April, 2000 to 1 April, 2012 having an offset component;
- (e) the total quantum of offset purchases/projects which have taken place during the said period;
- (f) whether the offset policy has helped in the indigenization of defence equipment or the creation of a defence production base in the Indian private sector and if so, the details thereof; and
- (g) the total quantum of equipment procured from private defence companies in India during the said period?

Answer

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

(a) to (c): Madam, the Defence Procurement Procedure (DPP) is refined and updated periodically. DPP was last reviewed in 2010 on the basis of experience gained during its implementation and feedback received from various stakeholders including Armed forces, Indian defence industry, Industry Associations and Original Equipment Manufacturers. DPP-2011 was promulgated with effect from 1st January, 2011. The amendments aim at expediting decision making, simplification of contractual and financial provisions and establishing a level playing field for the public sector and private sector.

(d) & (e): 17 Offset contracts have been signed so far with a value of about US \$ 4.279 billion. Details are at Annexure-I. The offset contracts are at various stages of execution.

(f) The offset policy was introduced in 2005. It is a relatively new policy and in the process of evolution. The first offset contract was signed in 2007. Implementation of the Offset contract is co-terminus with the execution of the main contract as per present guidelines. Indian Industry both public and private sector are benefitting through investments and purchases by foreign vendors who have signed Offset contracts. The positive impact of Offsets on development of the indigenous Defence industrial base will be visible in the coming years.

(g) The amount spent on Capital Acquisition from indigenous sources during the last five years is as follows:-

(Rupees in crores)

Year	2006-07	2007-08	2008-09	2009-10	2010-11
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Amount spent	21612.24	17993.08	20347.74	25920.48	31444.55
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The accounting system does not separately capture data regarding procurement from Indian private sector companies.