

**GOVERNMENT OF INDIA  
DEFENCE  
LOK SABHA**

STARRED QUESTION NO:626  
ANSWERED ON:21.05.2012  
EXPENDITURE ON DEFENCE PURCHASES  
Agarwal Shri Rajendra;Singh Alias Pappu Singh Shri Uday

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

- (a) the funds spent on indigenously produced equipment vis-À-vis funds spent on imported equipment during the last three years;
- (b) the funds spent on procurement of indigenously produced equipment from ordnance factories and Defence public sector undertakings vis-À-vis funds spent on procurement from the private sector companies; and
- (c) the steps taken to increase domestic procurement and specifically from the private sector?

**Answer**

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

- (a) The amount spent on Capital acquisition from indigenous and foreign sources during the last three years is as follows:

(Rs. in crores)

Year	Amount Spent on Indigenous	Foreign
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2009-10	25920.48	13411.91
2010-11	31444.55	15443.01
2011-12	24184.95	19675.73

(upto February 2012)

- (b) The accounting system does not separately capture data regarding procurement from Indian private sector companies.

(c) With a view to achieve greater self reliance in Defence production, the Defence Industry was opened up for Indian Private Sector participation in May 2001 with FDI permissible upto 26%, subject to licensing. The 'Make' Procedure was promulgated in 2006 to encourage indigenous development. Government included a categorization 'BUY & MAKE (Indian)' in the Defence Procurement Procedure in November, 2009 to encourage indigenous production. There is also provision for 30% offset obligation in all Capital Acquisitions categorized as Buy (Global) or Buy & Make with ToT where the estimated cost of the acquisition proposal is Rs.300 crore or more. Government has announced the Defence Production Policy in January, 2011 and Joint Venture Policy for DPSUs in February, 2012.