

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:3637
ANSWERED ON:03.09.2012
JOINT VENTURE OF MDL
Sudhakaran Shri K.

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Mazagaon Dock Limited (MDL) has formed a joint venture with Pipavav Defence and Off Shore Engineers company against the guidelines of the Department of Defence Production;
- (b) if so, whether many private shipyards had raised apprehensions over the deal alleging that Pipavav has no capability or any experience in defence ship building;
- (c) if so, the details thereof;
- (d) whether the MDL had exercised the option of outsourcing a sub-contract before taking the plunge on joint venture; and
- (e) if so, the details thereof?

Answer

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

(a) to (c): After the initial selection of Joint Venture (JV) partner by Mazagon Dock Limited (MDL) some apprehensions were raised by private shipyards. Thereafter, Government of India has issued detailed guidelines to be followed by Defence Public Sector Undertakings (DPSUs) for forming JVs. After following these guidelines, MDL has signed Share Holders' Agreements with M/s Pipavav Defence & Offshore Engineering Company as well as M/s Larson & Toubro Limited for construction of surface ships and conventional submarines respectively.

(d) & (e): MDL has been exercising the option of outsourcing /sub-contracting. As per JV guidelines, DPSUs may enter into JVs only in cases where the partners requires engagement for a longer term and results in achieving either lower costs or better risk management or greater efficiency or shorter timeframes for delivery or enhancing self-reliance in the defence sector as a whole. The option of going in for JV has been adopted by MDL after due diligence.