

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:189
ANSWERED ON:11.03.2013
INDIGENOUS DEFENCE PRODUCTION
Rajesh Shri M. B.;Wankhede Shri Subhash Bapurao

Will the Minister of DEFENCE be pleased to state:

- (a) whether the country has become self-reliant in defence production and if so, the details thereof and if not, the reasons therefor;
- (b) the details of funds spent on procurement of weapons from foreign countries during the last three years and the current financial year, country-wise;
- (c) the investment made by the Government for indigenous development and manufacture of weapons in various Ordnance Factories, Defence Research and Development Organisation and the Public Sector Undertakings; and
- (d) the steps taken / proposed to be taken by the Government to enhance defence production in the country and to check the role of middlemen in arms deals?

Answer

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) to (d):A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 189 FOR ANSWER ON 11.3.2013

With a view to achieving self-reliance in defence production, Government has set up Ordnance Factory Board comprising of 39 factories and 9 Defence Public Sector Undertakings (DPSUs). These are modernised on continuous basis and make substantive investments including in research and development. Defence Research & Development Organisation (DRDO) which has more than 50 laboratories. DRDO is primarily engaged in design and development of strategic, complex and security sensitive systems for the Armed Forces. The Government has also taken several steps to promote participation of private sector in defence production. These measures, inter-alia, include promulgation of Defence Production Policy 2011; opening of Defence Industry sector upto 100 per cent for Indian Private Sector participation with FDI permissible upto 26 per cent, both subject to licensing; promulgation of Make and Buy & Make (Indian) procedures; provision of offset obligation in all capital acquisitions categorised as Buy (Global) and Buy and Make with TOT where the estimated cost of the acquisition is Rs.300 crores or more; Joint Venture Policy for Defence Public Sector Undertakings, etc.

2. Imports have to be resorted to, whenever indigenous capabilities are not available, in order to ensure timely operational preparedness of the Armed forces to meet the threat perceptions. Government is in the final stage of amending the Defence Procurement Procedure.

3. The expenditure made on import of weapons / equipments during the last 3 years and the current financial year is as follows:

Year	Amount (Rs. in crores)
2009-10	13411.91

2010-11	15443.01
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2011-12	24193.83
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2012-13 (provis ional - upto February	25126.10
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4. Defence weapons / equipments have been imported from various countries including USA, Russia, France, Israel, United Kingdom, Germany, Italy etc. The country wise figures are being compiled and shall be placed subsequently on the Table of the House.

2011-12 in OFB & DRDO is Rs.767 Crore & Rs.4616.25 Crore respectively. Further, DPSUs have made a total capital investment of Rs.1741.28 Crore during 2011-12. 6. All capital procurements are carried out as per procedure laid down in the Defence Procurement Procedure (DPP). DPP contains provisions of penalties to be imposed if any seller engages any individual or firm, whether Indian or foreign, to intercede, facilitate or in any way recommend to Government of India or any of its functionaries, whether officially or unofficially, for the award of the contract to the seller. These provisions are in place to check the role of middlemen and to ensure the highest degree of probity, public accountability and transparency in defence acquisition cases. Besides this, the Pre-Contract Integrity Pact, signed with the vendor, provides for invocation of contractual provisions in case any wrong doing is established in addition to any action that may be required under the relevant provisions of the Prevention of Corruption Act and Indian Penal Code.