

**GOVERNMENT OF INDIA  
DEFENCE  
LOK SABHA**

UNSTARRED QUESTION NO:2946  
ANSWERED ON:10.02.2014  
DEFENCE CONTRACTS  
Deo Shri Kalikesh Narayan Singh

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

- (a) whether the Government uses Life Cycle Cost (LCC) method for defence procurement and if so, the details of the transactions carried out under this method;
- (b) whether the Government has formulated / is in the process of formulating a policy on procurement through the LCC method and if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government has sought Finance Ministry's comments on the LCC method and policy being used currently and if so, the details thereof and if not, the reasons therefor;
- (d) whether the Ministry of Defence has accepted comments / objections raised by the Ministry of Finance to the current method of LCC being used and if so, the details thereof and if not, the reasons therefor; and
- (e) whether the Ministry of Defence proposes to rectify the LCC policy to meet objection of Ministry of Finance and if so, the details thereof and if not, the reasons therefor?

**Answer**

MINISTER OF DEFENCE (SHRI A.K. ANTONY)

(a) to (e): The Life Cycle Cost approach is adopted in some defence procurement case. The model adopted may differ from case to case depending upon technical life of the platform, spares and maintenance requirements, and other parameters.

On the suggestion of Ministry of Finance, action has been initiated to include the Life Cycle Cost model in Defence Procurement Procedures.