

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

STARRED QUESTION NO:453
ANSWERED ON:24.04.2015
PURCHASE OF DEFENCE EQUIPMENT
Ramachandran Shri Krishnan Narayanasamy

Will the Minister of DEFENCE be pleased to state:

- (a) the major initiatives undertaken for promoting domestic manufacturing capabilities of defence equipment in the country;
- (b) the value of procurement of defence equipment from indigenous and foreign sources during each of the last three years;
- (c) whether the Government has entered agreements with foreign countries for the purchase of defence equipment;
- (d) if so, the details thereof, country-wise including the United States of America and Russia and the funds allocated for the purpose during the current year; and
- (e) the steps taken by the Government for enhancing defence cooperation with various foreign countries?

Answer

MINISTER OF DEFENCE (SHRI MANOHAR PARRIKAR)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 453 FOR ANSWER ON 24.04.2015

(a) The major initiatives undertaken by the Government for promoting domestic manufacturing capabilities of defence equipment are placed at Appendix-I.

(b) The value of procurement of defence equipment from indigenous and foreign sources during each of the last three years is placed at Appendix-II.

(c) & (d): In the last three financial years, the Government has procured C-130 J aircraft, chaff & flares, Sonobuoys and torpedoes for P 81 Aircraft under Foreign Military Sales (FMS) procedures from US Government. The funds are not allocated country wise in the Defence Services Estimates; however payments are made as per the terms of the contract.

(e) Defence cooperation activities, including visits, joint military exercises, professional exchanges and training deployments, are pursued with a number of friendly foreign countries. The nature of such activities depends upon mutual interest and varies from country to country.

APPENDIX-I REFERRED IN THE REPLY GIVEN IN THE STATEMENT IN PART (a) OF LOK SABHA STARRED QUESTION NO. 453 FOR ANSWER ON 24.04.2015

INITIATIVES TAKEN BY THE GOVERNMENT FOR PROMOTING DOMESTIC MANUFACTURING CAPABILITIES OF DEFENCE EQUIPMENT IN THE COUNTRY

1. The Defence Production Policy promulgated in 2011, aims at achieving substantive self-reliance in the design, development and production of equipment, weapon systems, platforms required for defence in as early a time frame possible; creating conditions conducive for the private industry to take an active role in this endeavour; enhancing potential of SMEs in indigenisation and broadening the defence R&D base of the country.

2. In pursuance of the Defence Production Policy 2011, the Government has taken the following major initiatives to promote domestic manufacturing capabilities of defence equipment in the country:

(a) Technology Perspective and Capability Road map (TPCR), which gives out the details of the equipment and technologies required by our Armed Forces, has been put in public domain to provide the industry an overview of the direction in which the Armed Forces intend to head in terms of capability in future.

(b) Preference to 'Buy(Indian)', 'Buy & Make (Indian)' & 'Make' categories of acquisition over 'Buy & Make (Global)' and 'Buy(Global)'

categories thereby giving preference to domestic Industry in procurement.

(c) The procedure for 'Buy & Make (Indian)' category has been simplified in order to make the category more attractive for domestic Defence Industry.

(d) A clear definition of indigenous content has been provided which would not only bring more clarity on the indigenous content required for different categorization, but also enhance the indigenization in defence products in India.

(e) Indian private sector industry has also been allowed to receive 'Maintenance Transfer of Technology (MTOT)' in 'Buy (Global)' cases.

(f) FDI policy in defence sector has been reviewed and as per the new policy, composite foreign investment upto 49% has been allowed through FIPB route and beyond 49% with the approval of the Cabinet Committee on Security (CCS).

(g) Defence products list for the purpose of industrial licensing has been revised and most of the components/parts/raw materials have been taken out from the purview of industrial licensing.

(h) Defence Exports Strategy has been formulated and is put in public domain. The Standard Operating Procedure (SOP) for issuing NOC for export of military stores has been simplified and process for issuing NOC has been made online.

(i) The list of 'Military Stores' for purpose of issuing of NOC for export has been defined and put in public domain.

APPENDIX-II REFERRED IN THE REPLY GIVEN IN THE STATEMENT IN PART (b) OF LOK SABHA STARRED QUESTION NO. 453 FOR ANSWER ON 24.04.2015

THE VALUE OF PROCUREMENT OF DEFENCE EQUIPMENT FROM INDIGENOUS AND FOREIGN SOURCES DURING EACH OF THE LAST THREE YEARS FOR ARMY, AIRFORCE AND NAVY

(Rs in crore)

Year	Total Procurement	Procurement from foreign sources	Procurement from indigenous sources
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	1	2	3
2011-12	80318.08	28151.42	52166.66
2012-13	83090.18	30370.80	52719.38
2013-14	93216.93	38202.66	55014.27