

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:2422
ANSWERED ON:17.08.2006
PPP IN PRODUCTION OF DEFENCE EQUIPMENT
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Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government is encouraging public-private partnership with small and medium enterprises in the production of defence equipment;
- (b) if so, the progress made so far in this regard;
- (c) whether the Government is also encouraging outsourcing from small and medium enterprises;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Government to protect the security of the country due to outsourcing?

Answer

MINISTER OF STATE FOR DEFENCE PRODUCTION (RAO INDERJIT SINGH)

- (a) Yes, Sir.
- (b) So far, Small and Medium Enterprises (SMEs) are mainly involved in supplying inputs including raw materials, assemblies, sub-assemblies, components etc. to the defence production units in the public sector.
- (c) Yes, Sir.
- (d) Ordnance Factories outsourced nearly 28% and Defence PSUs outsourced about 5% of their total requirement of input material to SMEs during 2005-2006.
- (e) While outsourcing their requirement of input material, adequate security safeguards are ensured by the Ordnance Factories and Defence PSUs.