

**GOVERNMENT OF INDIA  
DEFENCE  
LOK SABHA**

UNSTARRED QUESTION NO:2265  
ANSWERED ON:07.12.2006  
CHANGES IN MODEL OF DEVELOPING DEFENCE PRODUCTS  
Singh Shri Chandra Bhushan

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

- (a) whether the Government is considering substantial changes in the existing model of developing advanced defence products;
- (b) if so, the details thereof;
- (c) whether the Government is also considering greater involvement of stakeholders by sharing project expenditure and management; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI A.K. ANTONY)

(a) & (b): Yes, Sir. As per the "MAKE" category of Defence Procurement Procedure

(DPP)-2006, indigenous development will be handled as:

(i) All Strategic, Complex and Security Sensitive system will be handled by the DRDO.

(ii) High Technology Complex Systems and upgrades will be undertaken by Ordnance Factory Boards (OFBs)/Defence Public Sector Undertakings (DPSUs)/Industries registered with Ministry of Defence and having licence for manufacture of Defence products. The indigenous content in these systems shall be minimum 30%.

(iii) Low Technology Mature System directly by Indian Industries. The indigenous content in these systems shall be minimum 50%.

(c) & (d): Yes, Sir. In case where the system configuration is complex, development lead time is relatively long, technological risks are substantial, development cost would be shared with developing agencies in the ratio of 80% (Ministry of Defence) and 20%

(Industry).