

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:638

ANSWERED ON:23.11.2009

DEFENCE PROCUREMENT POLICY

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Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has announced new Defence Procurement Policy (DPP) recently;
- (b) if so, the details thereof, indicating the changes as compared to the previous policy;
- (c) the extent to which it would help bringing in transparency in defence deals;
- (d) whether the private sector can compete with Defence Research and Development Organisation and the Public Sector Undertakings under the new provisions; and
- (e) if so, the details thereof?

Answer

MINISTER OF DEFENCE(SHRI A.K. ANTONY)

(a) to (e): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 638 FOR ANSWER ON 23.11.2009

The Government has not announced a new Defence Procurement Procedure (DPP).Only Amendments-2009 to DPP-2008 have been promulgated which came into effect from 1st November, 2009. The details are as follows:-

- (i) Introduction of a new category for acquisition – "Buy & Make (Indian)", wherein Request for Proposal (RFP) would be issued to only Indian vendors who are assessed to have requisite technical and financial capabilities to undertake such projects. The Indian firms would be able to form joint venture / production arrangements with foreign companies to manufacture defence equipment.
- (ii) Sharing of information with Indian Industry by bringing out a public version of perspective document outlining the technology perspective and capability road map covering a period of 15 years which would be widely publicized and made available on Ministry of Defence website. In addition, the Categorisation Committee would also invite the representatives of Industry Associations, wherever participation by Indian Industry is probable.
- (iii) Enhanced role of Independent Monitors so as to enhance transparency and probity.
- (iv) The modalities for formulation of Services Qualitative Requirements (SQRs) have been further streamlined.
- (v) Issue of Request for Information (RFI) made mandatory in all procurement cases.
- (vi) Offsets would not be applicable in 'Option Clause' cases, where the same was not envisaged in the original contract. Further, in exceptional cases, Ministry of Defence may permit change in offset partner, on being convinced that the change is desirable to enable the vendor to fulfill offset obligations.

The following amendments would bring in transparency by:-

- (i) Sharing of information with Indian Industry by bringing out a public version of perspective document outlining the technology perspective and capability road map covering a period of 15 years.
- (ii) Consultation / interactions with the representatives of Industry Associations in pre-categorisation meetings.
- (iii) Mandatory issuing of Request for Information (RFI) to provide advance information and to facilitate wider vendor base.

Under the new category of 'Buy & Make (Indian)', Indian firms including Public Sector Undertakings would be able to form joint ventures / production arrangements with foreign companies to manufacture defence equipment and participate in procurement cases.