

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE PRODUCTION  
LOK SABHA

UNSTARRED QUESTION NO.1662  
TO BE ANSWERED ON THE 25<sup>TH</sup> NOVEMBER, 2016

**FDI IN DEFENCE SECTOR**

1662. DR. SHASHI THAROOR:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has recently introduced a new policy for Foreign Direct Investment (FDI) in defence;
- (b) if so, the details thereof including revisions from the previous policy;
- (c) whether the Government has come up with criteria that define technology / ordnance that falls under Modern Technology in FDI, if so, the details thereof;
- (d) whether the Government has constituted a body to overlook and consider proposals for FDI beyond 49 per cent; and
- (e) if so, the details thereof and the status of proposals previously accepted and details of the new proposals under the new policy?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE  
रक्षा राज्य मंत्री

(DR. SUBHASH BHAMRE)  
(डा. सुभाष भामरे)

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

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 1662 FOR ANSWER ON 25.11.2016**

The Government liberalized FDI policy provisions on various sector including defence sector vide. Press Note.5 (2016 Series) on 24<sup>th</sup> June, 2016. As per the current FDI policy, foreign investment upto 49% is permitted under automatic route and beyond 49% through Government approval route wherever it is likely to result in access to modern technology or for other reasons to be recorded. The FDI policy in defence sector is further subject to industrial licensing under the Industries (Development and Regulation) Act 1951. As per earlier policy notified in Nov 2015, FDI upto 49% was permitted under automatic route and FDI above 49% was permitted through Government approval route on case to case basis, wherever it is likely to result in access to modern and state-of-art technology in the country.

2. As technology requirement changes with time, FDI proposals of beyond 49% are examined by Ministry of Defence from technology perspective, after consultation with various stakeholders such as Armed forces, Defence Research and Development Organisation (DRDO), etc.

3. The foreign investment proposals beyond 49% are considered by Foreign Investment Promotion Board (FIPB) under Ministry of Finance. FIPB is an inter-ministry body having representatives of Department of Industrial Policy & Promotion, Ministry of Home Affairs and other concerned Departments. So far, since opening of defence sector for FDI, 36 FDI/ JV proposals have been approved for manufacture of various licensable defence items. After the notification of revised FDI policy in June 2016, a total of 06 proposals have been received by the FIPB.

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