

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO.5029
TO BE ANSWERED ON THE 31ST MARCH, 2017
FDI IN DEFENCE SECTOR

5029. SHRI ARVIND SAWANT:
SHRI KRUPAL BALAJI TUMANE:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has increased the limit of foreign direct investment in defence sector;
- (b) if so, the details thereof along with the total investment made by foreign companies in the defence sector after the implementation of the said policy, company-wise;
- (c) whether the Government has made any assessment regarding the effect of the said policy on the security of the country;
- (d) if so, the details and the outcome thereof; and
- (e) the preventive steps taken by the Government to ensure that the security of the country is not affected as a result of the said decision?

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.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 5029 FOR ANSWER ON 31.3.2017

Foreign Direct Investment (FDI) policy in defence sector was last reviewed vide Press Note No. 5(2016 Series) on 24th June, 2016. As per the extant FDI policy, foreign investment up to 49% is permitted under the automatic route, foreign investment beyond 49% and upto 100% is permitted through Government approval, wherever it is likely to result in access to modern technology or for other reasons to be recorded. FDI in defence sector is subject to Industrial Licence under the Industries (Development & Regulation) Act, 1951. From July 2016 to January 2017, FDI to the amount of 0.61 lakhs has been received from M/s Elbit Systems Land and C41 Ltd, Israel in M/s BF Elbit Advanced Systems Pvt. Ltd.

2. No formal assessment of the effect of the said policy on security of the country has been carried out by the Government. However, a number of provisions are in place to ensure that the security of country is not affected by the said policy. FDI Policy is subject to industrial licence and Industrial Licenses are granted by Licensing Committee in Department of Industrial Policy and Promotion (DIPP), which takes into account the security clearance of Ministry of Home Affairs (MHA). Besides, one of the conditions of license is to adhere to the Security Manual guidelines by the Licensed Defence Companies. The Security manual prescribe detailed guidelines on physical, information, documentation, cyber and personal security aspects. The manual also prescribes for security audit of such companies by Intelligence Bureau.
