

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

UNSTARRED QUESTION NO.166
TO BE ANSWERED ON THE 18TH JULY, 2018

PRIVATISATION OF DEFENCE PRODUCTION

166. DR. P.K. BIJU:

Will the Minister of DEFENCE j{k k ea=h
be pleased to state:

- (a) whether the Government is contemplating to privatise defence production in the country;
- (b) if so, the details thereof;
- (c) whether the Government has withdrawn the public investments and is contemplating to allow foreign companies in defence production; and
- (d) if so, the details thereof and the reasons therefore along with its impact on the national security?

A N S W E R

MINISTER OF STATE (DR. SUBHASH BHAMRE)
IN THE MINISTRY OF DEFENCE

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(डा. सुभाष भामरे)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 166 FOR ANSWER ON 18.07.2018

- (a) & (b):**
- (i) Yes, Madam. The Government is promoting privatisation in Defence Production.**
 - (ii) Till June 2018, Department of Industrial Policy & Promotion (DIPP) has issued 379 licenses to 230 Indian Companies for manufacture of various licensable defence items. Apart from this, one manufacturing license has also been issued by Ministry of Home Affairs for Small Arms and ammunitions. Till June 2018, 70 license companies covering 114 licenses have reported commencement of production.**
- (c) & (d):**
- (i) The Government has partially withdrawn the public investments in respect of Defence Public Sector Undertakings (DPSUs), Bharat Electronics Limited (BEL), BEML Limited, Bharat Dynamics Limited (BDL), Mishra Dhatu Nigam Limited (MIDHANI) and Hindustan Aeronautics Limited (HAL). The government shareholding now in above DPSUs is 66.09%, 54.03%, 87.75%, 74% and 89.97% respectively.**
 - (ii) As per extant Foreign Direct Investment (FDI) policy, in defence sector, foreign investment upto 49% is permitted under automatic route. Foreign investment beyond 49% (upto 100%) is permitted through government approval in cases resulting in access to modern technology in the country or for other reasons to be recorded. FDI limit for defence sector has also been made applicable to Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959. Further, foreign investment in defence sector is subject to other conditions of extant FDI Policy as amended from time to time.**
 - (iii) So far, 41 FDI proposals / Joint Ventures have been approved for manufacturing of various defence equipment both in public and private sectors, FDI amounting to US \$ 5.13 million has been received in the Defence Industry Sector from April 2000 to March 2018.**
