

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO.677
TO BE ANSWERED ON 20th November, 2019

OFFSET CONTRACTS FROM DEFENCE SECTOR

677. SHRI DHAIRYASHEEL SAMBHAJIRAO MANE:
DR. SHRIKANT EKNATH SHINDE:
DR. SUJAY RADHAKRISHNA VIKHE PATIL:

Will the Minister of DEFENCE be pleased to state:

- (a) the details of offset contracts from Defence sector by Government during the last three years;
- (b) whether Government has conducted or is aware of any study, on the ways in which the offset contracts have benefited Indian manufacturers and if so, the details thereof;
- (c) whether India has been able to develop a strong manufacturing industry to invest Foreign Direct Investment (FDI) in the sector and if so, the details thereof;
- (d) the total FDI inflow in Defence sector during the last three years; and
- (e) the status of all defence projects undertaken under the Make-in-India-Initiative during the last three years and the current year?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

रक्षा राज्य मंत्री

(SHRI SHRIPAD NAIK)

(श्री श्रीपाद नाईक)

- (a) 21 defence offset contracts with cumulative value of 5.67 Billion US Dollars approximately have been signed by Ministry of Defence (MoD) in last three years.

(b) A study on impact of offsets on Defence Industrial Base has been conducted by Department of Defence Production through Institute for Defence Studies and Analysis (IDSA). According to the study conducted, till March 2019, MoD has signed 52 Offset contracts valued at 11.79 Billion US Dollars to be discharged through Indian Offset Partners.

(c) & (d): In May, 2001, the Defence Industry Sector, which was hitherto reserved for the public sector, was opened up to 100% for Indian private sector participation, with Foreign Direct Investment (FDI) up to 26% both subject to licensing. Further, Development of Industrial Policy & Promotion, Ministry of Commerce & Industry vide Press Note No.5 (2016 Series), has allowed FDI under automatic route upto 49% and above 49% through government route wherever it is likely to result in access to modern technology or for other reasons to be recorded. Since the opening of private sector participation in defence production in 2001, 452 Industrial Licenses (ILs) have been issued till October 2019 for manufacture of a wide range of defence items, out of which a total of 109 licenses have been issued in the last three financial years.

Further, so far FDI amounting to Rs.1812 crores has been reported by the companies in the Defence and Aerospace Sector since April 2014.

(e) Separate procedure for 'Make-II' category has been notified under Defence Procurement Procedure (DPP) to encourage indigenous development and manufacture of defence equipment. Till date, 44 proposals for development by industry have been given 'In-principle' approval under Make-II.
