

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO. 949
TO BE ANSWERED ON 22nd July, 2022

FDI IN DEFENCE SECTOR

949. SHRI VISHNU DATT SHARMA:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has taken steps to promote Foreign Direct Investment (FDI) in defence sector in view of meager FDI inflows in this sector;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) to (c): Defence sector has been opened up for private sector participation in the year 2001. The FDI policy was amended in 2013 by which FDI was allowed up to 26% through Government route and above 26% through Cabinet Committee on Security (CCS) on case-to-case basis. Further, revision of FDI policy in 2014 increased the FDI limit and composite foreign investment up to 49% was allowed through government route (FIPB Route) and beyond 49% with the approval of CCS.

2. In 2015, FDI policy in Defence sector was further reviewed. As per the policy, Foreign Investment Cap was allowed up to 49% through Automatic Route and above 49% under Government route on case-to-case basis, wherever it was likely to result in access to modern and 'state-of-art' technology in the country. The policy was again revised in 2016 wherein Foreign Investment up to 49% was allowed through automatic route and beyond 49% under Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded. DPIIT vide Press Note 4(2020 Series) dated 17.09.2020 has again enhanced FDI limit in Defence Sector up to 74% through the Automatic Route for companies seeking new defence industrial license and up to 100% by Government Route wherever it is likely to result in access to modern technology or for other reasons to be recorded.
