

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

**UNSTARRED QUESTION NO.991**  
TO BE ANSWERED ON THE 4<sup>TH</sup> DECEMBER, 2015

**POLICY TO PROMOTE DEFENCE INDUSTRIES**

991. SHRIMATI NEELAM SONKER:

Will the Minister of DEFENCE  
be pleased to state:

- (a) whether the Government has made a policy to promote defence industries in the country;
- (b) if so, the details of locations identified for production of defence equipment;
- (c) the policy for engaging skilled and unskilled workers for this purpose; and
- (d) the percentage of indigenous and foreign defence equipment used for meeting the defence requirements of the country?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

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

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 991 FOR ANSWER ON 4.12.2015**

The Government has promulgated Defence Production Policy in 2011 with the objectives of achieving substantive self-reliance in design, development and production of defence equipment / weapon system through active participation of private industry including SMEs and also to broaden Research & Development base of the country. In May, 2001, the Defence Industry sector, which was hitherto reserved for the public sector, was opened for Indian private sector participation, with Foreign Direct Investment (FDI) up to 26%, both subject to licensing. In June 2014, the limit of FDI was increased from 26% to 49% under Government route and beyond 49% with the approval of Cabinet Committee on Security (CCS), whenever it is likely to result in access to modern and state of the art technology in the country. In November 2015, policy has been further revised, wherein upto 49% foreign investment is allowed under automatic route and above 49% under Government route.

So far, 307 Industrial Licenses have been issued to 182 private Companies across India till October, 2015 for manufacturing of licensable defence items. The location for production of defence equipment is decided by the companies seeking license.

There is no specific policy with regard to engaging skilled and unskilled workers. The industry engages skilled and unskilled workers for this purpose, based on their own requirements and applicable rules / regulations.

In the year 2014-15, out of the total defence procurement, 37.11% has been procured from foreign sources and 62.89% has been procured from Indian sources.

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