

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

UNSTARRED QUESTION NO.2287
TO BE ANSWERED ON THE 29TH JULY, 2016

FDI IN DEFENCE SECTOR

2287. ADV.. CHINTAMAN NAVASHA WANAGA:
SHRI V. PANNEERSELVAM:
SHRI OM BIRLA:
SHRI BHOLA SINGH:
DR. UDIT RAJ:
SHRI BHANU PRATAP SINGH VERMA:

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

- (a) the total Foreign Direct Investment (FDI) made in the country during each of the last three years and the current year;
- (b) the FDI proposals received from various foreign and domestic companies during the said period and the action taken by the Government thereon, company and country-wise including Korea;
- (c) whether the Government has allowed 100 per cent FDI in the defence sector;
- (d) if so, the details thereof along with the benefits likely to be accrued as a result thereof; and
- (e) whether the Government has taken precautionary measures before opening up of the defence sector for private players and if so, the details thereof?

A N S W E R

MINISTER OF DEFENCE

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(SHRI MANOHAR PARRIKAR)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 2287 FOR ANSWER ON 29.7.2016

The total Foreign Direct Investment (FDI) made in the country during each of the last three years and the current year is at Annexure-‘A’.

2. List of FDI proposals received in Foreign Investment Promotion Board (FIPB) under defence sector during the last three years and the current year is at Annexure-‘B’.

3. The Government, recently, vide Press Note No.5 (2016 series) dated 24.06.2016 inter-alia reviewed the FDI Policy in Defence Sector. Foreign Investment up to 49% is allowed through automatic route and above 49% under Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded. The foreign investment in defence sector is further subject to industrial license under the Industries (Development & Regulation) Act, 1951.

4. The amendments made in the policy could be the most trusted route to technology transfer which would help in increasing the defence production base and providing the much needed impetus to self-reliance and indigenization in defence sector.

5. Foreign investment above 49% is permitted in cases wherever the proposal is likely to result in access to modern technology or for other reasons to be recorded. Such proposals are considered by Foreign Investment Promotion Board (FIPB) based on the security clearance of Ministry of Home Affairs (MHA) and comments of Ministry of Defence. Foreign investment in Defence sector is subject to the grant of Industrial License under the Industries (Development and Regulation) Act 1951, by Licensing Committee, an inter-ministerial body, which among other things, also takes into account security clearance by Ministry of Home Affairs (MHA) and views of Ministry of Defence (MoD).

ANNEXURE-'A' REFERRED IN THE REPLY GIVEN IN THE STATEMENT IN PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 2287 FOR ANSWER ON 29.7.2016

Total Foreign Direct Investment (FDI) made in the country during each of the last three years and the current year:

(In US\$ million)

S. NO.	FINANCIAL YEAR	FDI IN FLOW
1.	2013-14	36,046
2.	2014-15	45,148
3.	2015-16	55,457
4.	2016-17 (Upto May 2016)	7,456

ANNEXURE-'B' REFERRED IN THE REPLY GIVEN IN THE STATEMENT IN PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 2287 FOR ANSWER ON 29.7.2016

Year 2013: 08 proposals:

Sl. No.	Name of the company	Country	Action taken
1.	M/s Mahindra & Mahindra Limited	USA	Approved
2.	M/s Bharat Electronics Limited	France	Approved
3.	M/s Amertec Systems Pvt. Ltd.	Israel	Approved
4.	M/s Pipavav Defence and Offshore Engineering Company Ltd.	Mauritius	Approved
5.	M/s NSE Industries	France	Approved
6.	M/s Maini Precision Products Pvt. Ltd.	Mauritius	Approved
7.	M/s Indian Rotorcraft Limited	Netherlands	Approved
8.	M/s BF Elbit Advanced Systems Pvt. Ltd.	NRIs FII	Approved

Year 2014: 10 proposals:

Sl. No.	Name of the company	Country	Action taken
1.	M/s Sasmos Het Technologies Ltd., Bangalore	Netherlands	Approved
2.	M/s Quest Global Manufacturing Private Limited, Bengaluru.	Mauritius	Approved
3.	M/s Samtel Thales Avionics Limited	France	Approved
4.	M/s Verdant Telemetry & Antenna Systems Pvt. Ltd.	FII / NRI	Approved
5.	M/s Maini Precision Products Private Limited.	Mauritius	Approved
6.	M/s Bharti Shipyard Ltd.	FII / NRI	Approved
7.	M/s Solar Industries India Limited, Nagpur.	FII / NRI	Approved
8.	M/s Idea Forge Technology Pvt. Ltd.	FII / NRI	Approved
9.	M/s Punj Lloyd Limited.	USA	Approved
10.	M/s Thales India Pvt. Ltd.	Hong Kong	Approved

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Year 2015: 10 proposals:

Sl. No.	Name of the company	Country	Action taken
1.	M/s Dynamatic Technologies Ltd.	NRI / FII	Approved
2.	M/s Mahindra Telephonic Integrated Systems Limited.	USA	Approved
3.	M/s Indian Rotorcraft Limited.	Netherland	Approved
4.	M/s BF Elbit Advanced Systems Pvt. Ltd.	Israel	Approved
5.	M/s Safran Engineering Services India Pvt. Ltd.	France	Approved
6.	M/s Fokker Elino B.V. Netherlands	Netherlands	Automatic Route
7.	M/s Menon Bearings Limited	Not mentioned	Rejected
8.	M/s Sikorsky Aircraft Corporation	United States	Does not lie
9.	M/s Verint India Systems Pvt. Ltd.	United Kingdoms	Rejected
10.	M/s Rolta Meproflight Private Limited	India	Withdrawn

Year 2016: 04 proposals:

Sl. No.	Name of the company	Country	Action taken
1.	M/s Tata Sikorsky Aerospace Limited	Singapore	Approved
2.	M/s Indian Rotorcraft Limited	India	Deferred
3.	M/s DCNS	France	Deferred
4.	M/s Quantum Technologies LLC.	United Kingdom	Approved
