

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO. 4054
TO BE ANSWERED ON 24th March, 2023

PRIVATE COMPANIES IN DEFENCE SECTOR

4054. SHRI GHANSHYAM SINGH LODHI:

Will the Minister of DEFENCE be pleased to state:

- (a) the details of private companies engaged in Defence sector along with the terms and conditions in this regard;
- (b) whether there is any security threat due to engagement of the said companies, if so, the details thereof;
- (c) the benefits likely to be achieved in Defence sector from the said companies;
- (d) the items proposed to be purchased from the said companies along with the share of participation of the said companies per year; and
- (e) whether the record of the verification of the employees working there is likely to be maintained by the Government, if so, the details thereof?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) to (e): Defence Industry sector was opened up in May 2001 upto 100% for Indian private sector participation. Since the opening up of Defence sector till date, a total of 601 Industrial Licenses have been issued to 368 companies operating in Defence sector. Industrial licenses in Defence sector are issued by Department for Promotion of Industry & Internal Trade (DPIIT), Ministry of Commerce & Industry under I(D&R) Act, 1951 & Arms Act, 1959/Arms Rules 2016 and by Ministry of Home Affairs under Arms Act, 1959/Arms Rules 2016.

The Government has put in place a Security manual for Licensed Defence Companies. The Licensed Defence Companies are required to follow detailed security guidelines. The Manual provides detailed guidelines on physical security/materials security/documents security/ information security/cyber security etc. As per conditions of Security Manual for Indian Licensed Defence Companies (ILDCs), thorough verification of character and antecedents of all persons before joining and periodic security check of various personnel employed including all levels of management is required to be done by all ILDCs.

The increased participation by the Private sector in defence may result in the increased levels of indigenization, local manufacturing, growth of MSMEs & Startups, value of Defence Production, defence exports and import substitution. Further, the defence items are procured by the Services as per the security needs of the country. However, 68% of the total Capital Procurement budget has been earmarked in 2022-23 for procurement from domestic industries.

