

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:2088

ANSWERED ON:09.03.2006

FDI IN DEFENCE SECTOR

Channappa Shri Kunnur Manjunath;Mane Smt. Nivedita;Owaisi Shri Asaduddin;Singh Shri Kirti Vardhan

Will the Minister of DEFENCE be pleased to state:

- (a) whether FDI participation in defence oriented production has been minimal;
- (b) if so, the reasons therefor;
- (c) whether the Government has considered the Kelkar Committee recommendation in this regard;
- (d) whether the Government has taken into account the stiff competition from China in allowing FDI participation in Defence production; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE FOR DEFENCE PRODUCTION (RAO INDERJIT SINGH)

- (a) & (b): Yes, Sir. Under the liberalized economic environment, investment decisions are taken by entrepreneurs on the basis of techno economic considerations.
- (c) No recommendation has been made by the Kelkar Committee in this regard.
- (d) & (e): Government has taken into account the geo-political environment in the sub-continent and strategic nature of the Defence sector while allowing FDI participation in Defence production.