

**GOVERNMENT OF INDIA  
DEFENCE  
LOK SABHA**

UNSTARRED QUESTION NO:1825

ANSWERED ON:07.03.2011

FDI IN DEFENCE

Deka Shri Ramen;Rao Shri Sambasiva Rayapati;Tewari Shri Manish

**Will the Minister of DEFENCE be pleased to state:**

- (a) whether the Department of Industrial Promotion and Policy (DIPP) has recommended that Foreign Direct Investment (FDI) in Defence Sector should be hiked to 74 per cent from the current 26 per cent;
- (b) if so, the details thereof;
- (c) whether it is a fact that while the Ministries of Finance, Commerce and even Home support the DIPP proposal, the Ministry of Defence is opposed to it as reported recently;
- (d) the estimate of capital expenditure on import of Defence equipment during 2011-2020;
- (e) whether it would be advisable in terms of our defence preparedness to create Public-Private Military Industrial Complexes (MICs) with Foreign Direct Investment which would entail transfer of State-of-the-art Technology transfer and ward of the threat of sanctions; and
- (f) if so, the reaction of the Government thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF DEFENCE(SHRI M.M. PALLAM RAJU)

- (a) & (b): The Department of Industrial Policy and Promotion (DIPP) has circulated a Discussion Paper suggesting raising FDI cap in Defence manufacturing sector to 74% or more from the existing 26%.
- (c) This issue is under inter ministerial consultations and a final decision will be taken by Government thereafter.
- (d) Information is being collected.
- (e) & (f): Government has a policy of moving towards greater self-reliance in Defence Production. To this end, it seeks to encourage indigenous research, development and design of equipment/weapons system within the country.