

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:2288

ANSWERED ON:11.03.2013

INDIGENOUS DEFENCE PRODUCTION

Jindal Shri Naveen; Roy Shri Nripendra Nath; Singh Shri Dhananjay ; Tirkey Shri Manohar

Will the Minister of DEFENCE be pleased to state:

- (a) whether the domestic Defence Research and Production is largely confined to the public sector companies at present;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has assessed the results of the efforts made towards achieving self-reliance and indigenisation in defence production;
- (d) if so, the details thereof;
- (e) whether the Government plans to take proactive steps facilitating private firms to play a bigger enhanced role in defence production including the revision of FDI limit in defence industries; and
- (f) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE (SHRI JITENDRA SINGH) MINISTRY OF DEFENCE

(a) Yes, Madam.

(b) to (f): For achieving self-reliance, Defence Research & Development Organisation (DRDO) has more than 50 laboratories. DRDO is primarily engaged in design and development of strategic, complex and security sensitive systems for the Armed Forces. DRDO is developing critical technologies for the Armed Forces. DRDO has been involving public and private sector industries in development projects and programmes, wherever feasible. It has involved more than 400 private sector companies in its various projects and programmes.

Further, Ordnance Factory Board (OFB) comprising of 39 factories and 9 Defence Public Sector Undertakings (DPSUs) are engaged in defence production. These are modernised on continuous basis and make substantive investments, including in research and development.

The Government has also taken several steps to promote participation of private sector in defence production. These measures, inter alia, include promulgation of Defence Production Policy 2011; opening of Defence Industry Sector since May 2001, up to 100% for Indian Private Sector Participation with Foreign Direct Investment (FDI) permissible up to 26 per cent, both subject to licensing; promulgation of Make and Buy, & Make (Indian) procedures; provision of offset obligation in all capital acquisitions categorised as Buy (Global) and Buy & Make with Transfer of Technology (ToT) where the estimated cost of the acquisition is Rs.300 crores or more; Joint Venture Policy for DPSUs, etc.

At present, there is no proposal under consideration in the Ministry of Defence for revision of the FDI limit for the Defence Industry Sector.

Indigenisation and self-reliance are the joint efforts of DRDO, private industries, DPSUs and Ordnance Factories, for which efforts are made on continuous basis.