

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:5381

ANSWERED ON:29.04.2013

PRIVATE SECTOR IN DEFENCE PRODUCTION

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Will the Minister of DEFENCE be pleased to state:

- (a) the details of the private players and joint ventures involved along with the total investment made by them in defence manufacturing in the country;
- (b) the number of Letters of Intent received by the Government for defence production from private companies in 2012-13;
- (c) the procedure to be followed to obtain an Industrial License for defence production;
- (d) whether the Government is planning to relax procedures for obtaining production licenses to encourage private participation;
- (e) if so, the details thereof and if not, the reasons therefor; and
- (f) the details of the ratio of import and indigenous manufacture of weapons and ammunition and the quantities of such weapons and ammunition, category-wise and year-wise during the last three years?

Answer

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

(a) There are 193 Letter of Intents (LOIs) / Industrial Licences (ILs) have been issued by Department of Industrial Policy & Promotion (DIPP) to the Indian private sector firms for manufacturing of various defence items. The list of such firms is enclosed at Annexure-I. Apart from this, 27 Joint Ventures (JVs) have also been approved by FIPB, Department of Economic Affairs in defence manufacturing in the country. The list of such JVs is enclosed at Annexure-II.

As reported by DIPP, Foreign Direct Investment (FDI) amounting to Rs.19.89 crores (US \$ 4.12 millions) has been received in defence industry sector from April 2000 to February 2013. The data regarding investment made by the Indian private sector firms is not maintained.

(b) 63 applications has been received for industrial license for manufacture of defence items from private companies in 2012-13.

(c) The applicant has to file the application for grant of Industrial License in DIPP under Rule 7 of the Registration and Licensing of Industrial Undertaking Rules, 1952 (RLIU). The application is circulated to / examined by the Administrative Ministry i.e. Department of Defence Production (DoDP); Ministry of Home Affairs (MHA); Department of Economic Affairs, Ministry of Finance and the concerned State Government beside other members of the Licensing Committee. Based on the comments received from the concerned Departments / Agencies, a decision is taken by the Licensing Committee.

(d) & (e): The process of issue of IL is being streamlined and simplified through decision to issue licenses based on affidavit from the applicants pending finalization of Security and Audit procedures. The Defence items list has been sent to DIPP to bring clarity in disposing applications.

(f) The ratio of Import and indigenous manufacture of weapons and ammunition on capital acquisition during the last three years is tabulated below:

(Rs. in crores)			
Year	Indigenous (A)	Import (B)	Ratio (B/A)
2009-10	25920.48	13411.91	0.52
2010-11	31444.55	15443.01	0.49
2011-12	27922.7	24193.83	0.87

Rest of the information is being collected and shall be laid on the Table of the House.