

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (DR. SUBHASH RAMRAO BHAMRE): (a) to (c) The authorisation and holding of arms is as per operational requirement of the Indian Army. There is adequate stock of arms with the Army and they are well equipped for meeting any operational requirements. Further, making up of deficiencies in arms stock is a continuous process and is addressed through the ongoing procurement process.

Transfer of technology in Rafale deal

1766. SHRI RAVI PRAKASH VERMA:

SHRI NEERAJ SHEKHAR:

Will the Minister of DEFENCE be pleased to state:

(a) whether transfer of technology under Rafale aircraft deal would be done by France;

(b) if so, the details thereof;

(c) if not, the reasons for compromising the deal; and

(d) the cost of each aircraft as per the deal?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (DR. SUBHASH RAMRAO BHAMRE): (a) to (c) The Inter-Governmental Agreement (IGA) for supply of 36 Rafale aircraft envisages supply of aircraft in fly-away condition along with associated equipment. The earlier proposal in the procurement of 126 aircraft involved license manufacturing only and not Transfer of Technology. It was never finalised.

(d) The cost of each Rafale aircraft is approximately ₹ 670 crore at prevailing exchange rate of November, 2016; without associated equipments, weapons, India Specific Enhancements, maintenance support and services.

Privatization of defence production

1767. SHRI NEERAJ SHEKHAR:

SHRI RAVI PRAKASH VERMA:

Will the Minister of DEFENCE be pleased to state:

(a) whether Government is contemplating to privatise defence production in the country;

(b) if so, the details thereof;

(c) whether Government has withdrawn the public investments and is contemplating to allow foreign companies in defence production;

(d) if so, the details thereof; and

(e) the reasons for compromising the national security?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (DR. SUBHASH RAMRAO BHAMRE): (a) and (b) (i) Yes, Sir. The Government is promoting privatisation in Defence Production.

(ii) Till February 2018, Department of Industrial Policy and Promotion (DIPP) has issued 348 licenses to 210 Indian Companies for manufacture of various licensable defence items. Apart from this, one manufacturing license has also been issued by Ministry of Home Affairs for Small Arms and Ammunitions. Till February 2018, 70 license companies covering 114 licenses have reported commencement of production.

(c) and (d) (i) The Government has partially withdrawn the public investments in respect of Defence Public Sector Undertakings (DPSUs) Bharat Electronics Limited (BEL) and BEML Ltd. The Government shareholding now in above DPSUs is 66.72% and 54.03 % respectively.

(ii) As per extant Foreign Direct Investment (FDI) policy, in defence sector, foreign investment upto 49% is permitted under automatic route. Foreign investment beyond 49% (upto 100%) is permitted through government approval in cases resulting in access to modern technology in the country or for other reasons to be recorded. FDI limit for defence sector has also been made applicable to Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959. Further, foreign investment in defence sector is subject to other conditions of extant FDI Policy as amended from time to time.

(iii) So far, 40 FDI proposals/Joint Ventures have been approved for manufacturing of various defence equipment both in public and private sectors.

(e) The question of compromising the national security does not arise.

Strategic partnership model in defence acquisition

1768. SHRI C. M. RAMESH: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that Defence Acquisition Council has recently cleared the Strategic Partnership Model (SPM);