

(c) whether the Defence Services Staff College, the National Defence Academy, the Rashtriya Indian Military College, the Indian Naval Academy, Military Institute of Technology and the College of Defence Management will be affiliated to the IDU, if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) No, Sir.

(b) and (c) Questions do not arise.

FDI in defence sector

2412. SHRI DHIRAJ PRASAD SAHU: Will the Minister of DEFENCE be pleased to state:

(a) the outcome of Foreign Direct Investment (FDI) in defence with 49 percent under automatic route;

(b) whether foreign companies are investing under this policy, if so, the details thereof and if not, the reasons therefor;

(c) whether Government is contemplating to improve the existing FDI policy to promote foreign investment in the country in defence sector; and

(d) whether there is any plan to increase the FDI under automatic route for foreign companies?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) to (d) In May, 2001, the Defence Industry sector, which was hitherto reserved for the public sector, was opened upto 100% for Indian private sector participation, with Foreign Direct Investment (FDI) upto 26% both subject to licensing. Further, Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry *vide* Press Note No. 5 (2016 Series), has allowed FDI under automatic route upto 49% and above 49% through government route wherever it is likely to result in access to modern technology or for other reasons to be recorded. Further, FDI in defence industry sector is subject to industrial licence under Industries (Development & Regulation) Act, 1951 and manufacturing of small arms and ammunition under the Arms Act, 1959. By allowing higher FDI in the Defence sector, the global companies having high-end technologies-can be encouraged to set up their manufacturing base in India in collaboration with Indian companies, thereby resulting in creation of

employment opportunities, saving of foreign exchange and increasing indigenization. FDI is one of the sources available for the industry to access some of the technologies required to indigenously design, develop and produce the equipments, weapon systems/ platforms required for defence. As per the data furnished by 37 companies operating in Defence and Aerospace sector, so far, FDI inflows of over ₹1561 crores have been reported in defence and aerospace sector after 2014 under automatic route.

The Government reviews the FDI policy in all sectors including defence on an ongoing basis and makes changes from time to time, to ensure that India remains an attractive & investor friendly destination. It has been the endeavour of the Government to put in place an enabling and investor friendly FDI policy. The intent is to make the FDI policy more investor friendly and remove the policy bottlenecks that have been hindering investment inflows into the country.

Budget allocated for defence products manufactured in the country

2413. SHRI K.J. ALPHONS: Will the Minister of DEFENCE be pleased to state:

- (a) percentage of budget allocated to products manufactured in the country out of the Total budget for purchase of equipment by Ministry; and
- (b) whether the percentage has gone up during the past five years and if so, the details of year-wise increase?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI SHRIPAD YESSO NAIK): (a) and (b) Indigenously manufactured equipments are procured to the maximum extent possible, keeping in view the requirement of operational preparedness.

The percentage of Contracts to Indian Vendors has increased from 39.06% in 2015-16 to 75.03% in 2019-20 (Table below).

| (₹ in crores) | | | | | |
|---------------------------------------|----------|----------|----------|----------|---------------------------------|
| Year | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 (upto 31.01.2020) |
| Details of Contract to Indian vendors | 18705.54 | 13429.91 | 33335.84 | 30171.15 | 43395.59 |
| TOTAL contracts | 47877.29 | 94559.53 | 40690.97 | 80413.56 | 57834.89 |