

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
RAJYA SABHA
UNSTARRED QUESTION NO.1459
TO BE ANSWERED ON 8th MARCH, 2021

**CO-PRODUCTION OF DEFENCE EQUIPMENT BY INDIGENOUS
MANUFACTURERS AND FOREIGN PARTNERS**

1459 SHRI SAMBHAJI CHHATRAPATI:

Will the Minister of DEFENCE be pleased to state:

- (a) whether Government is encouraging eligible indigenous industry leaders for design and co-production of defence equipment with foreign partners;
- (b) if so, the progress made so far; and
- (c) the major areas of defence equipment being explored for design and co-production; and
- (d) whether Government would have any stake in such mutual understanding?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF DEFENCE
SHRI SHRIPAD NAIK

(a) to (d): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF RAJYA SABHA UNSTARRED QUESTION NO. 1459 FOR ANSWER ON 08.03.2021 REGARDING ‘CO-PRODUCTION OF DEFENCE EQUIPMENT BY INDIGENOUS MANUFACTURERS AND FOREIGN PARTNERS’.

(a) & (b): In May, 2001, the Defence Industry sector, which was hitherto reserved for the public sector, was opened up to 100% for Indian private sector participation, with Foreign Direct Investment (FDI) up to 26% both subject to licensing. Further, Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry (DPIIT) vide Press Note No.4 (2020 Series) dated 17.09.2020, has allowed FDI under automatic route upto 74% and above 74% through government route wherever it is likely to result in access to modern technology.

Moreover, offset policy has also been revised and incorporated in Defence Acquisition Procedure (DAP)-2020. In the revised policy, higher multipliers have been assigned for offset discharge as an incentive in defence manufacturing, transfer of technology etc.

So far, FDI inflows of about Rs.4191 crores have been reported by the companies operating in defence and aerospace sector in the country.

(c) & (d): As on date, FDI approvals have been given to 44 companies including DPSUs for JVs/Co-production of various defence items including fixed-wing aircrafts, aerospace and aero structures components, simulator, unmanned aerial systems, optical goods and optical instruments, radar systems, artillery guns/Howitzers, mortars, tactically protected vehicles, manufacture, supply, maintenance and service of Helicopters, design, development and production of Kalashnikov Series Rifle etc.
