



Ministry of Defence

FDI in Defence Sector

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Foreign Direct Investment (FDI) policy in defence sector was last reviewed vide Press Note No. 5(2016 Series) on 24th June, 2016. As per the extant FDI policy, foreign investment up to 49% is permitted under the automatic route, foreign investment beyond 49% and upto 100% is permitted through Government approval, wherever it is likely to result in access to modern technology or for other reasons to be recorded. FDI in defence sector is subject to Industrial Licence under the Industries (Development & Regulation) Act, 1951. From July 2016 to January 2017, FDI to the amount of 0.61 lakhs has been received from M/s Elbit Systems Land and C41 Ltd, Israel in M/s BF Elbit Advanced Systems Pvt. Ltd.

No formal assessment of the effect of the said policy on security of the country has been carried out by the Government. However, a number of provisions are in place to ensure that the security of country is not affected by the said policy. FDI Policy is subject to industrial licence and Industrial Licenses are granted by Licensing Committee in Department of Industrial Policy and Promotion (DIPP), which takes into account the security clearance of Ministry of Home Affairs (MHA). Besides, one of the conditions of license is to adhere to the Security Manual guidelines by the Licensed Defence Companies. The Security manual prescribe detailed guidelines on physical, information, documentation, cyber and personal security aspects. The manual also prescribes for security audit of such companies by Intelligence Bureau.

This information was given by Minister of State for Defence Dr. Subhash Bhamre in a written reply to Shri Arvind Sawant and Shri Krupal Balaji Tumane in Lok Sabha today.

NAMPI/Ranjan

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