

**GOVERNMENT OF INDIA  
DEFENCE  
LOK SABHA**

UNSTARRED QUESTION NO:1255  
ANSWERED ON:02.03.2006  
PRIVATE SECTOR PARTICIPATION IN DEFENCE PRODUCTION  
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**Will the Minister of DEFENCE be pleased to state:**

- (a) the status of the Kelkar Committee's findings on allowing the private sector in defence production;
- (b) the details of proposals received by the Government for Foreign Direct Investment (FDI) in defence production;
- (c) the sector identified for production, research and development with private sector participation; and
- (d) the details of projects being implemented with private participation?

**Answer**

MINISTER OF STATE FOR DEFENCE PRODUCTION (RAO INDERJIT SINGH)

- (a) The private sector has already been allowed, since May 2001, to participate in Defence production.
- (b) The two proposals received for 26% FDI in the Defence sector have been approved.
- (c) The Indian private sector has the freedom to participate in any sector of Defence industry, which is now open up to 100% for their participation, subject to licensing.
- (d) In indigenous development and production of Defence equipment, private sector companies have been supplying inputs including raw materials, assemblies, sub-assemblies, components etc., to Defence PSUs, Ordnance Factories and the Defence Research & Development Organisation.