

Government defends allowing 100 per cent FDI in defence sector

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Replying to supplementaries during Question Hour, she said the new FDI policy does not compromise national security, nor does it affect employment opportunities. (PTI)

Defending government's policy to allow 100 per cent FDI through automatic route in defence and retail sectors, Commerce Minister Nirmala Sitharaman today said "greater the investment, greater the opportunity for employment generation".

Replying to supplementaries during Question Hour, she said the new FDI policy does not compromise national security, nor does it affect employment opportunities.

"When we say whether it is automatic or through the Government route, all processes for establishing the facts behind this investment and implications of security are duly done and diligences completed," he said.

Sitharaman said government has brought simplification in the definition of technology by using

the word modern, instead of phrases like state-of-the-art and cutting-edge.

“Therefore, FDI, when it was being brought at a higher level, when it comes with technology, we have underlined that it comes with modern technology. So, that addresses the question that we have not completely dropped everything to do with technology.

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“The second thing is that CCS approval will not be required any more, even in Defence. However, the process of approval itself will include the Defence Ministry and the Ministry of Home Affairs, both of whom will go into all the details which will have to be looked at from the point of view of the defence of the nation, internal security and every other matter which relates to the national security and therefore, that has been done away with,” she said.

Earlier, former Defence Minister A K Antony had raised concerns over allowing 100 per cent FDI in defence without CCS approval, saying “this will jeopardise our national security if that remains the trend.”

He said the FDI in defence cannot be treated at par with any other departments because defence concerns security and all procedures should be followed carefully before allowing defence projects.

Antony said with regard to defence, the Cabinet Committee on Security (CCS) consisting of Prime Minister, Home Minister, Defence Minister, Finance Minister and External Affairs Minister cleared all projects earlier.

“So, all the important Ministries, including the Prime Minister, have to go through carefully in clearing any decision concerning Defence and Home. This time, you are opening FDI in Defence without the CCS clearance, without even informing the CCS. So, you are opening it up and that means, anybody can come in.

“You say, at the lower level, there would be scrutiny. That is a callous approach. So, you are