

F.No. 4(31)/2009/D(DIP)-Vol.III
Government of India
Ministry of Defence
Department of Defence Production
D(DIP)

Room No. 8, 'H' Block
New Delhi, dated the August 11, 2017

**Sub : Guidelines for examination of Foreign Investment Proposals received under
Defence Sector – Regarding –**

The Union Cabinet in its meeting held on 24/05/2017 granted approval for phasing-out of Foreign Investment Promotion Board and mandated respective Administrative Ministries as Competent Authority for processing FDI applications requiring Government approval. It, further, provided that the Department of Industrial Policy & Promotion (DIPP) shall formulate Standard Operating Procedure (SOP) for processing FDI Proposals by the Administrative Ministries. Based on the SOP prepared by DIPP vide No. 1/8/2016-FC.I dated June 29, 2017 [available at DIPP's website], the Department of Defence Production (DDP)/MoD, being the Administrative Ministry for Defence Industry Sector, shall process the applications as per the internal guidelines prepared as follows :-

- (i) After the receipt of proposals from DIPP on-line for the cases where the proposals are digitally signed by the Applicant, D(DIP) Section will scrutinize the proposals with reference to any deficiency in documentation or seek clarifications, if required from the applicant on initial examination, within a week's time. In case, the application is found to be in order, then D(DIP) Section shall forward the applications to the internal organizations i.e., DRDO, Service HQRS. [Army, Navy & Air Force] and D/Defence. For this purpose, the Members shall be required to intimate details of the Nodal Officers including name, rank, office address, telefax, E-Mail ID etc. for forwarding of the applications, both on-line & off-line;
- (ii) Since the said SOP stipulates a stringent time-limit, therefore, the internal Members [as mentioned at Point (i) above] should adhere to the time-line and furnish their comments, within 02 weeks, with respect to the provisions of extant FDI Policy applicable in defence

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- (iii) As per Para III (6) of SOP issued by DIPP, it provides that the Ministries/Departments (RBI, MEA and Department of Revenue) consulted shall upload their comments within 04 weeks from the receipt of the proposals. In case the comments are not received within the stipulated time, it would be presumed that they have no comments to offer. The comments by MHA on proposals requiring security clearance would be provided within 06 weeks. However where MHA is not in a position to provide its comments within 06 weeks, it will intimate the expected time-frame within which they will be able to give their comments. On the same lines, in case, the comments are not received within the stipulated time of 02 weeks from the internal organizations, as stated at (i) above, it would be presumed that Members have no comments to offer. Hence, the proposals shall be put up for decisions without waiting for comments except MHA's comments;
- (iv) If all the ministries/ departments/ agencies, who have been consulted, agree to or disagree on the proposal, then a decision will be taken on file with the approval of Hon'ble RM and the decision taken shall accordingly be communicated to the applicant.
- (v) If the ministries/ departments/ agencies consulted have difference of opinion, then such cases shall be examined by a Committee consisting of the following members. The recommendation of the Committee would, then, be put up before the Hon'ble RM for taking appropriate decision. Accordingly, the decision taken shall be communicated to the applicant.

Secretary (DP)	Chairman
Additional Secretary (DP)	Member
Representatives from DRDO, Army, Navy & Air Force Headquarters (not below the level of Joint Secretary)	Members
Representatives of DoD from Acquisition Wing (not below the level of Joint Secretary)	Member
Joint Secretary (DIP)	Member Secretary

- (vi) The Committee may opt the Members from MHA & DIPP, if need arises;
- (vii) As provided in the said SOP issued by DIPP, if the Department proposes to reject the proposal or proposes any additional conditions on the approval, shall consult DIPP after the

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recommendation of the Committee headed by Secretary (DP) and before final approval of the Competent Authority;

- (viii) As per Para III (10) of SOP issued by DIPP, in case the proposals involving total foreign equity inflow of more than Rs. 5000 crore, then the Department shall place the same for consideration of Cabinet Committee on Economic Affairs and
- (ix) The D(DIP) Section shall maintain a data-base on the proposals with simultaneously sharing the information with DIPP.

2. This issues with the approval of Hon'ble Raksha Mantri.



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