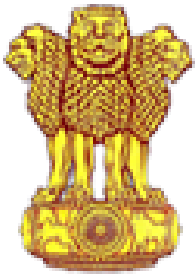


Defence Production:
Opportunities and Initiatives
for start ups

Ministry of Defence
Government of India

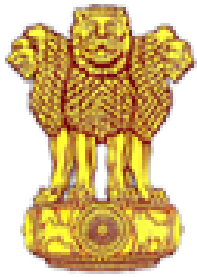


सत्यमेव जयते



EXISTING POSITION

- **3rd largest armed forces with an annual defence budget of approx. USD 40 billion; 40% budget is for capital acquisition.**
- **Largest importer of defence goods : About 60% capital requirements are imported**
- **Defence industrial base - 9 public sector undertakings and 41 ordnance factories with production valued at USD 8 billion.**
- **Presence of several private sector companies in manufacturing, design and innovation; more than 300 licences to about 200 licensed companies**
- **34 Joint Ventures approved with foreign companies .**



सत्यमेव जयते

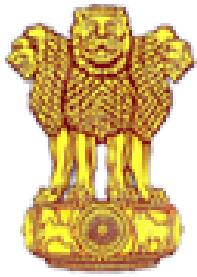


ASPIRATIONS

- India as a global defence and aerospace manufacturing hub
- Substantive self reliance and indigenization in defence equipment and technology ; reverse the ratio of import vs indigenous production
- Strong R&D base with technical know-how and know-why
- A robust ecosystem of domestic system integrators supported by tier 1-3 suppliers as part of global supply chain.

Recent policy changes for facilitating Make in India

- **Shift in defence capital procurement policy to promote local manufacturing**
- **Liberalization in FDI policy to promote partnerships between Indian and foreign companies**
- **Liberalization in Licensing policy to reduce entry barriers for new entrants**
- **Simplification of export regulation to encourage export : to make the local manufacturing economically viable**
- **Relaxations in offset policy to encourage foreign OEMs to actively engage with Indian companies in manufacturing of defence items**

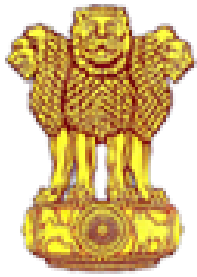


सत्यमेव जयते



OPPORTUNITIES

- Modernization of Armed Forces with an estimated Capital Budget of USD 250 Billion over next 10 years
- Thrust on make in India : Nearly 90% of Capital Acquisition Proposals Categorized under Buy (Indian) and Buy and Make (Indian) in last one year
- Offset obligations of about 5 BUSD to be discharged in next 7 years; with ongoing cases this may go upto 10-12 BUSD
- Presence of large conglomerates and specialised companies with extensive experience in Heavy Engineering, Design and ICT.



सत्यमेव जयते



OPPORTUNITIES

- Liberal Licencing and FDI Policy : Possibilities for JVs
- Defence Export Strategy with focus on Export Promotion; simplified export regulation process for faster clearance
- Strong track record in areas like Naval Surface Combatants, Land Vehicles and Missile Systems
- Large pool of cost effective human resource - India has the 2nd highest number of Engineering Graduates per year.

Characteristics of defence sector

- **Driven by high technology and innovation**
- **High obsolescence rate**
- **Long gestation period**
- **Large capital investment**
- **Stringent quality and certification requirements**
- **Extensive trials and evaluation**

'Make in India' Portal

- www.makeinindiadefence.com
- All policy, procedures and promotional information for defence production sector
- Interactive where investors can raise questions and get replies within 3 working days
- Information related to Govt/ DPSUs test facilities available for private sector

Initiatives for start ups

- **Defence Innovation Research Initiative under process**
- **Technology Development Fund being formulated by DRDO for encouraging research and innovation**
- **Outsourcing and vendor development policies are under revision to allow start ups as vendors**

Technologies in defence

- **Unmanned ground and aerial vehicles**
- **Stealth technology**
- **Composites, light materials, alloys**
- **Avionics, sensors, Radars etc.**
- **Command, Control and Communication systems**
- **Laser guided weapon systems**

Technologies in defence

- **Software defined Radios/ Cognitive Radios**
- **Software controlled networks**
- **Optical Transport networks**
- **Advanced digital modulations**
- **Multi sensor Tracking and Multi Platform Tracking Software**
- **Video Management Software**

Way ahead for start ups in defence

- **Start with possibilities in import substitution**
- **Information on HAL and BEL website regarding indigenization and import substitution**
- **Access DRDO website or contact for collaboration in technology development**
- **Collaborate with large companies or systems integrators**

Thank you