

# START-UPS DEALING WITH DEFENCE PRODUCTION AND INDIGENISATION OF IMPORTED EQUIPMENT

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Ministry of Defence

## Start-Ups Dealing with Defence Production and Indigenisation of Imported Equipment

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There has been a surge in start-ups dealing with defence production and indigenisation of imported equipment in last three years. The following initiatives have been taken by the Government to remove entry barriers for private industry including start-ups in the defence domain:

- Innovations for Defence Excellence (iDEX) framework, was launched by the Hon'ble PM in April 2018, with the aim for achieving self-reliance and to foster innovation and technology development in Defence and Aerospace by engaging Industries including MSMEs, startups, individual innovators, R&D institutes and academia. Under iDEX, the projects or problem statements are identified based on the requirements projected by the Armed Forces, OFB & DPSUs. The selected applicants are eligible for grants upto Rs 1.5 Crore for development of the prototype.
- In Make-I category (Govt funded) of development of prototype of defence products/platforms, projects not exceeding development cost of Rs. 10 Crore are reserved for MSMEs/Start-ups. Similarly, under Make-II category of development of prototype of defence products/platforms, projects not exceeding development cost of Rs. 3 Crore are reserved for MSMEs/Start-ups.
- The 'Make-II' procedure has been simplified to encourage wider participation of Indian industry, with impetus for MSME/start-ups sector and timely induction of equipment into the Indian Armed Forces. The 'Startups' recognized by the Department for Promotion of Industry and Internal Trade (DPIIT) from time to time, are eligible to participate under 'Make-II' procedure. In addition, the framework for implementation of 'Make-II' at OFB and DPSU level has also been notified. More than 2500 items have been notified by OFB and DPSUs for development under 'Make-II'.
- Department of Defence Production has notified 127 items under Public Procurement Order 2017 issued by Department for Promotion of Industry and Internal Trade (DPIIT).
- Government has notified a 'Policy for indigenisation of components and spares used in Defence Platforms' in March, 2019 with the objective to create a domestic industry ecosystem.
- Industrial licensing regime for Indian manufacturers in Defence sector has been liberalized. This has reduced entry barriers for new entrants in defence sector, particularly SMEs.
- FDI Policy has been revised and under the revised policy, Foreign Investment up to 49 % is allowed through automatic route and above 49 % under the Government route.
- Defence Research & Development Organisation (DRDO) has evolved a new industry friendly ToT policy for transfer of DRDO developed technologies to industries. DRDO has

also promulgated new patent policy to facilitate Indian industries to get free access to use DRDO patents.

- DRDO has launched a program termed as Technology Development Fund (TDF) for meeting the requirements of Tri-Services, Defence Production and DRDO. The scheme has been established to promote self-reliance in Defence Technology as a part of the 'Make in India' initiative by encouraging participation of public/private industries especially MSMEs.
- A Defence Investor Cell (DIC) was set up by the Department of Defence Production in January, 2018 to provide help, support and guidance to defence industry, MSMEs and start-ups.
- During 2017-2018, DDP had notified 275 items which were previously exclusively sourced from OFB, for sourcing from open industry and 141 items have been placed on Government e-Marketplace.
- Testing facilities: The Test facilities/ infrastructure available with various Government agencies (OFB, DPSUs, DRDO, DGQA, DGAQA & SHQs) have been made available to private sector with the objective to assist them in design & development of defence systems. The details of test facilities, procedure and other terms & conditions are available on websites of respective Government Agencies.
- Third Party Inspection (TPI) of Defence Stores: To align with the Government of India initiative to promote Ease of Doing Business for MSMEs and private sector and achieve national vision of "Make in India", the Department has formulated Policy Document on 'Utilisation of Third Party Inspection Services' for effective administration of inspection function of out-sourced work with involvement of third parties for inspection services.
- Mission Raksha Gyanshakti: This Mission was launched with the objective to encourage IPR for self-reliance in defence. IPR is the key enabler for developing an ecosystem of innovation and indigenization. As part of Mission Raksha Gyanshakti, an IPR Division has been constituted in DDP.

This information was given by Raksha Rajya Mantri Shri Shripad Naik in a written reply to Shri Vijay Goel in Rajya Sabha today.

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