



# Aerospace and Defence

*India - The New Destination*

# Why India ?

1. Huge Market
3. Conducive Policy

## *4 Big Reasons*

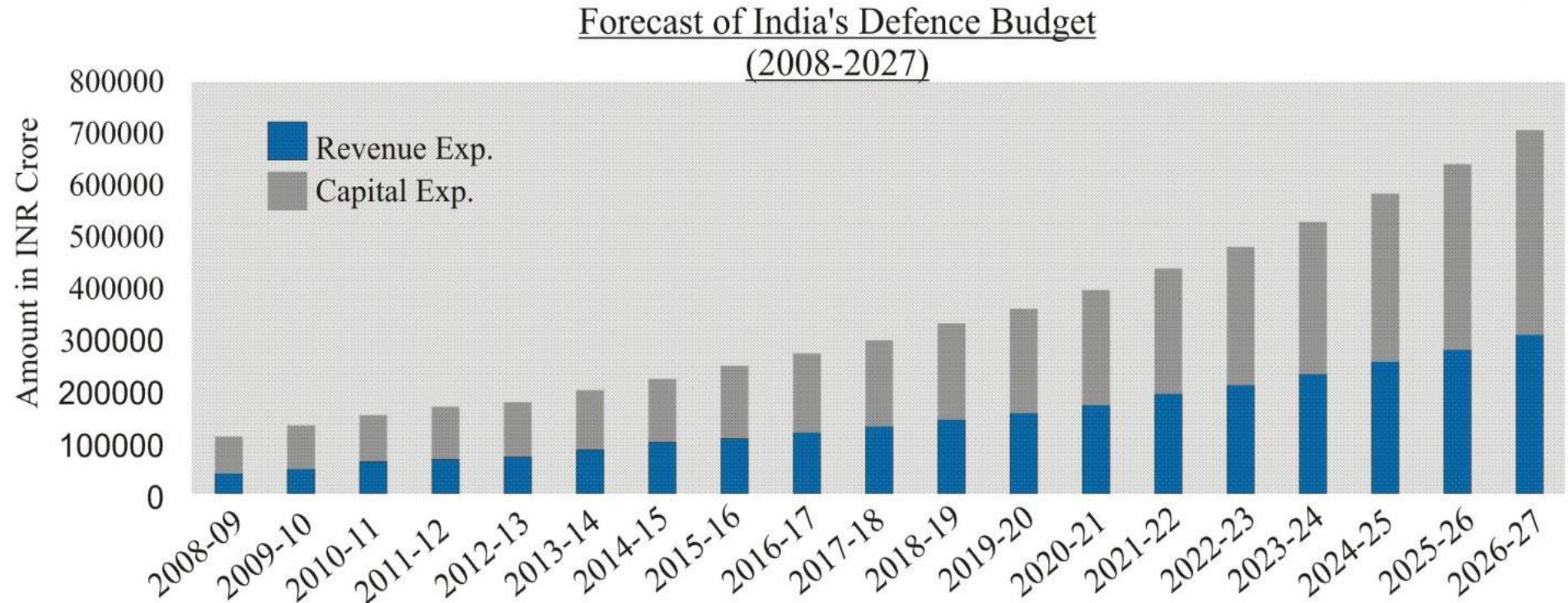
2. Large Talent Pool
4. Low Operating Costs

# Aerospace & Defence Market

*Defending the Borders, Exporting as an add-on*



# India's Defence Budget 2027

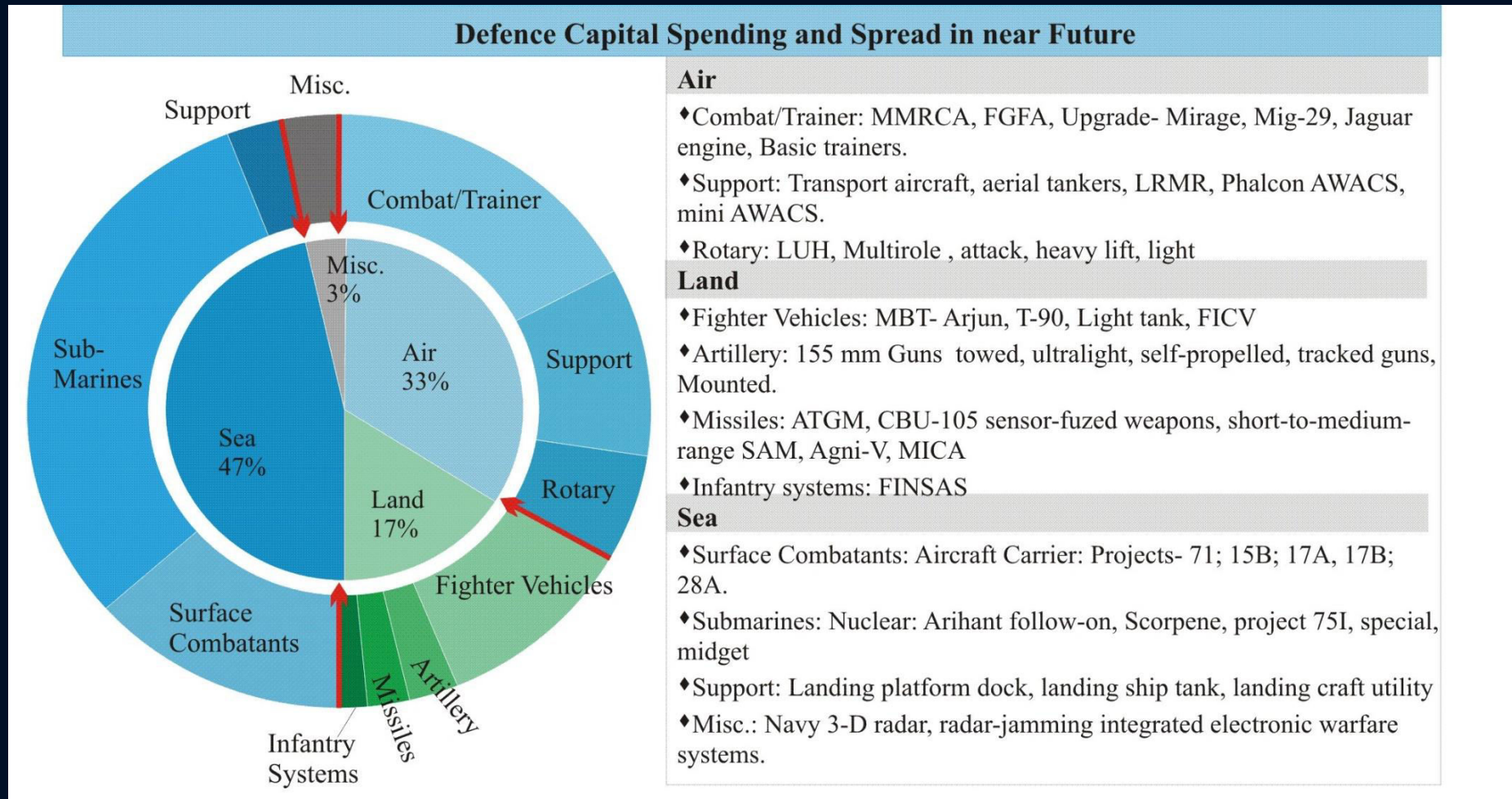


Revenue and Capital

Year

Values in Rs Crores

# Indicative Capital Expenditure in near Future





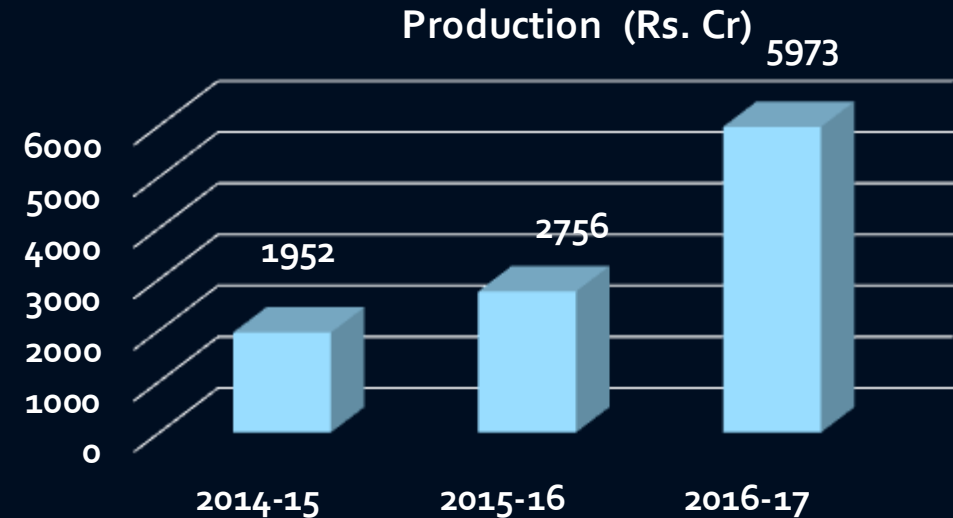
# Changing Policy Environment

*Greater Industry Involvement: Make in India*

# Preference for Make in India

> **60%** Procurement: RFP to Indian Vendors.

**IDDM: 1<sup>st</sup> Preference**



- Funding increased from 80% to 90% for Make 1 projects
- Offset policy targeted towards Make in India.
- For assistance: Contact Defence Investor Cell in Department of Defence Production, Ministry of Defence.

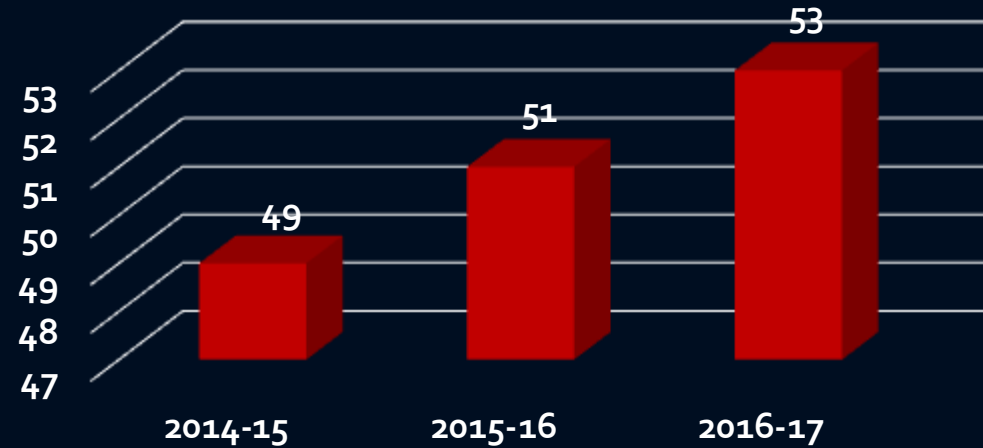


# Liberalized Industrial Licensing

~ **65%** Items: No Industrial License required.

***Time bound clearance***

No. of licenses issued (Cumulative)



- Validity of license increased to 15 years from 3 years.
- DIPP/MHA issues most of industrial licenses
- For assistance: Contact Defence Investor Cell in Department of Defence Production, Ministry of Defence.

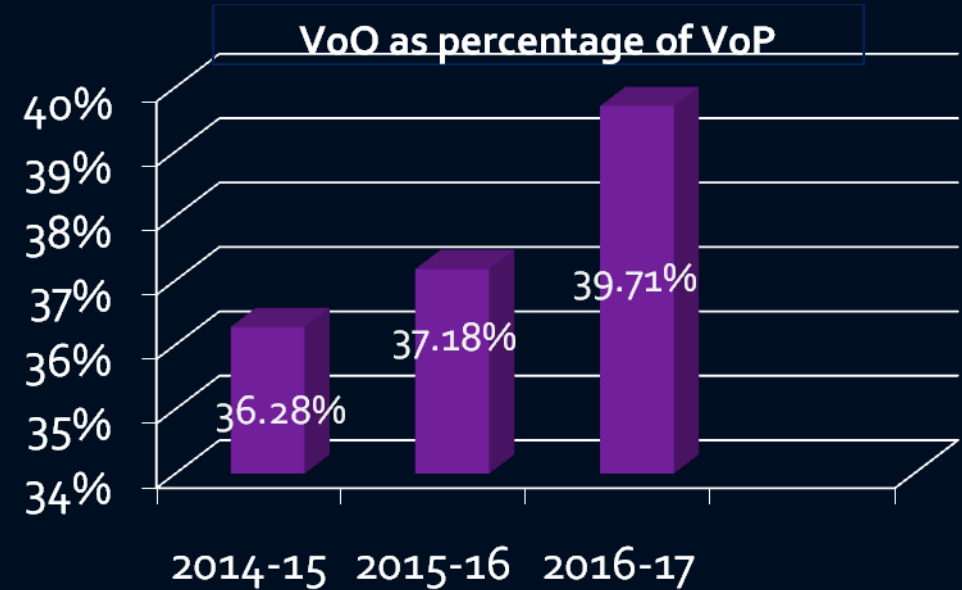




# Growing Outsourcing by Ordnance Factories/Defence PSUs

## Increased Outsourcing

**OFB/DPSUs: *Integrators***



- HAL: Expanding capacity for ALH and LCA through outsourcing.
- ~250 items de-notified from OFB reserve list. To be sourced from industry.
- Concerted effort to indigenize hundreds of imported components/sub-assemblies.



# MSMEs in Defence: The Rising Stars

- **Reservation for MSMEs in DPP**
- **90% support from Government for Make 1**
- **Advance from DPSUs/OFB**
- **TreDS: Bill discounting**

***Plant & M/cry : Rs 250 cr***



- Nearly 70% Licenses issued to MSMEs. 52% in Land Systems; 40% in Aero; 8% in Naval.
- Testing Infrastructure of DPSUs/OFBs/DRDO/DGQA made available at Govt. rates
- Increasing participation in global supply chain.



# Revised Make-II Procedure

## Simplified Procedure

- RFP once issued cannot be retracted.
- No negotiation. Order on L1.
- Projects < Rs 3 cr reserved for MSMEs
- Industry/Start ups: relaxed eligibility
- Propose your product

*Available Projects: 25*



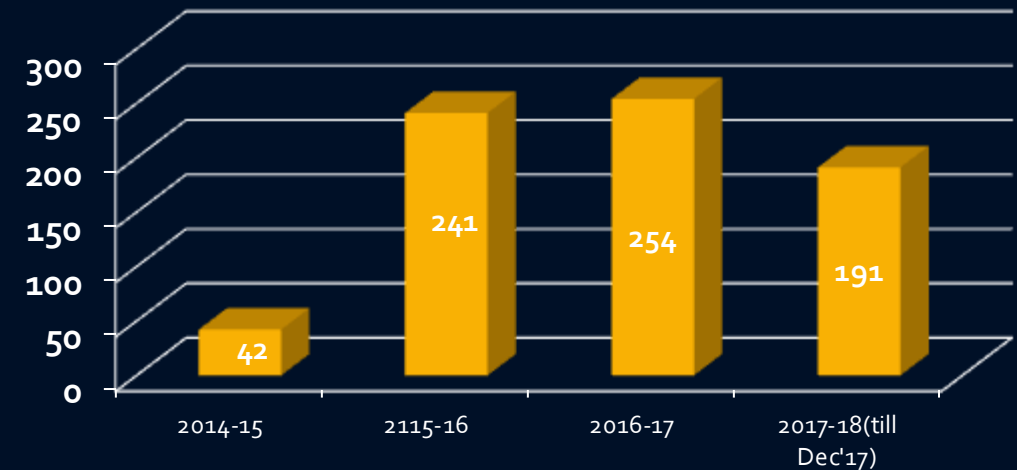
- Details available at [www.makeinindiadefence.gov.in](http://www.makeinindiadefence.gov.in)
- Project value range: Rs 2 cr to Rs 2000 cr
- More projects to be offered in future.





## Streamlined Export Licensing

Permission in **30 Days**



- Tremendous interest in ASEAN, Africa, Central Asia and Middle East.
- Aerospace components: Huge export potential to OEMs
- DefExpo 2018 to promote defence exports from India.
- Online application process



# Defence Investor Cell

Friend and Guide

***Launched : Jan 18, 2018***



- Investment related issues
- Industrial license, Export license, Import license, Testing Labs.
- Queries reg Defence Procurement/Offset Policies
- Outsourcing opportunities from OFB/DPSUs.



Third Party Certification & Self-certification for **HAL**

***Feb 22, 2018***



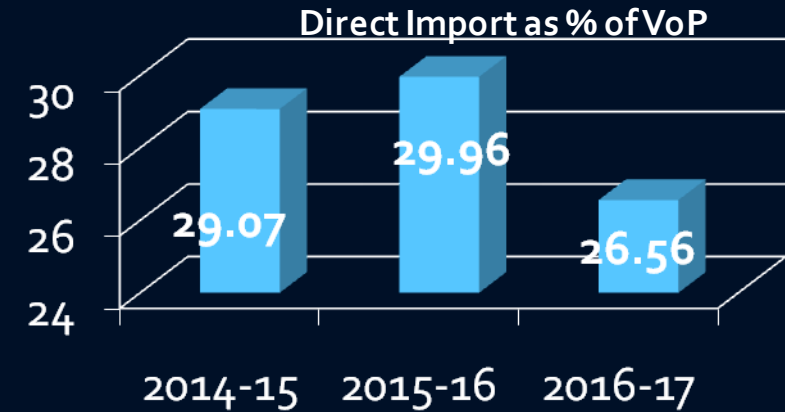
- Third party certification and self-certification proposed to be expanded.
- Testing labs with public sector made available for private industry testing.
- Scheme for providing support for Testing Infrastructure for industry under consideration





## Defence Innovation Organization

***iDEX-Innovation for Excellence in Defence Launched.***



- Task Force on Artificial Intelligence formed with N Chandrasekhar, Chairman, Tata Sons formed. Industry, Start ups are members.
- Hackathons and Challenge grants proposed.
- Support for Incubators/Accelerators etc.
- Indigenization of imported items high priority



# Some Opportunities

5

## Scorpene Class Submarines

3 completed. 3 more in progress at MDL. 6 more under P-75(I)

4

## HAL: Light Combat Helicopter

IOC in Aug 2017. 15 being built. ~ 150 reqd.

3

## HAL Tejas LCA: RFP for 83 LCAs

HAL Tejas cap. being added: 2 to 16/year thru' outsourcing.

2

## HAL: Dornier 19 seater civil aircraft for UDAN

DGCA clearance received in Jan 2018.

1

## Small Arms RFP for industry

7.6 lakh Assault Rifles, 3.2 lakh Carbines, 40,000 LMG for 10 years.

# Budget Announcements 2018-19

*“The Government will bring out an industry friendly Defence Production Policy 2018 to promote domestic production by public sector, private sector and MSMEs”*

## Defence Production Policy

### Vision

To make India among top five countries of the world in Aerospace and Defence industries, fulfilling the objective of self-reliance as well as demand of other friendly countries.

### Goals

To facilitate faster absorption of technology and create a tiered Defence industrial ecosystem in the country.

### Strategies

Providing a boost to MSMEs and Start-ups and strengthening infrastructure, including QA/QC/testing labs, both within public and private sector.



# *Highlights of Draft Defence Production Policy, 2018:*

4

## Modification of Offsets

- ❖ New investment linked avenues for discharge of offset obligation.
- ❖ The end-to-end offset process will be made digital to ensure speedy, transparent and efficient management.

3

## Liberalization of FDI Policy

FDI Up to 74% under automatic route will be allowed in niche technology areas.

2

## Simplification of Licensing Process

- ❖ Except a small negative list, other items will be taken out of purview of licensing.
- ❖ All application for licenses will be disposed off in 30 days.

1

## Ease of Doing Business in Defence Production

Technology Perspective Capability Roadmap. Simplified Make-I and Make-II process. Defence Investor Cell to provide handholding to MSMEs .

8

### Focus on Vendor Development and outsourcing

Private Defence majors will be encouraged to play the role of a system Integrator and setup an extensive ecosystem.

7

### Innovation and R & D

- ❖ A High Level Mechanism with involvement of Services organizations and HQIDS will be setup
- ❖ Centres of Excellence with industry participation and with Government support will be set up in niche areas.

6

### Export Promotion

- ❖ Defence Export Organization will be set up jointly with industry.
- ❖ The end-to-end export clearance process in the DDP will be made online and time bound.

5

### Involving Start-ups in Technology Development

- ❖ A Scheme entitled Innovation for Defence Excellence (iDeX) will be formulated.
- ❖ An appropriate policy for start-ups in strategic areas will be prepared.
- ❖ An Intellectual Property Cell will be set up in DDP

# Budget Announcements 2018-19

- *“Government will take measures to develop 2 Defence Industrial Production Corridors in the country”*



# Why Uttar Pradesh?

- **2<sup>nd</sup> largest economy contributing 8.5% to the Indian's GDP.**
- **Large tracts of contiguous, relatively flat underdeveloped land in Bundelkhand Region.**
- **56% of UP's 200 million population are in the working age group.**
- **Located on Golden Quadrilateral with excellent road network.**
- **Access to National Capital Region on the west and Strategic access to market & resource depth of eastern India.**
- **Strong existing ecosystem with second highest no. of MSMEs in India.**
- **53 Universities, 4345 Colleges, 168 Polytechnics with several research institutes, Centers of Excellence and other vocational institutes.**





# Uttar Pradesh Defence Quad and its Ecosystem

## Aligarh

- Harduaganj Thermal Power Station , 15 kms away .
- Narora Atomic Power Station , 50 kms away

## Agra

- Aerial Delivery Research & Development Establishment (ADRDE)

## Jhansi

- Located at the junction of five National Highways (NH-12A, NH-25, NH-26, NH-75, NH-76)

## Chitrakoot

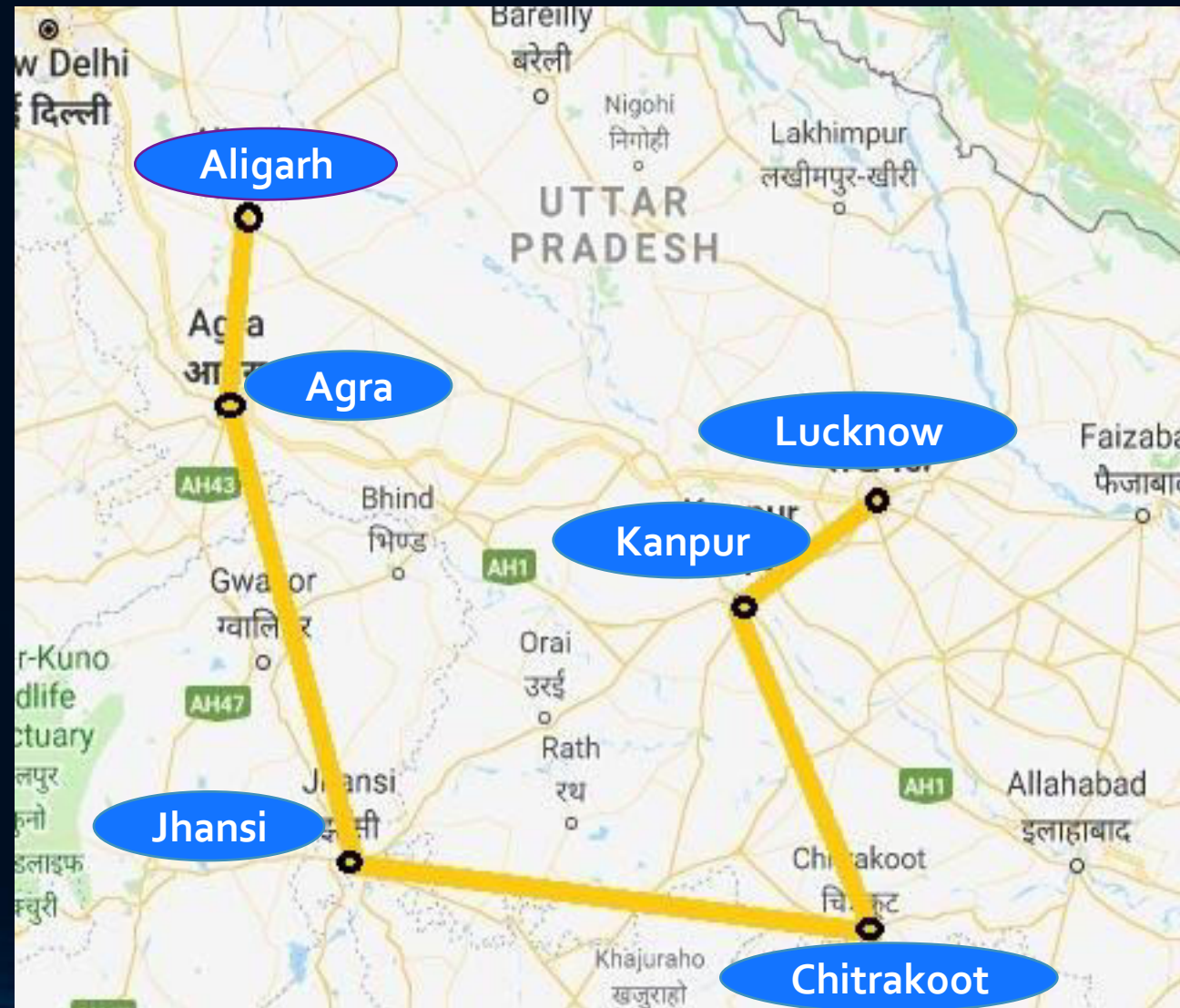
- 707 registered Industrial Units.

## Kanpur

- Five Ordnance Factories
- HAL Transport Aircraft Division
- 2 Base Repair Depots (BRD)

## Lucknow

- Aerospace Systems & Equipment R & D Centre



# Suggestions from Industry

Infrastructure Related

Policy Intervention

Any other issues







THANK  
YOU