

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
DEPARTMENT OF DEFENCE PRODUCTION  
**LOK SABHA**

**UNSTARRED QUESTION NO.1629**

TO BE ANSWERED ON THE 10<sup>TH</sup> MARCH, 2017

**DEFENCE START-UPS**

1629. SHRI OM BIRLA:

Will the Minister of DEFENCE j{k ea=h  
be pleased to state:

- (a) the total number of defence start-ups set up in the country during the last three years, State-wise;
- (b) whether the Government plans to create a new technology innovation fund for defence aerospace aimed to prop up start-ups;
- (c) if so, the details thereof; and
- (d) the other steps taken by the Government to encourage culture of innovation in defence sector?

**A N S W E R**

MINISTER OF STATE  
IN THE MINISTRY OF DEFENCE

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(DR. SUBHASH BHAMRE)

(डा. सुभाष भामरे)

**(a) to (d): A statement is attached.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 1629 FOR ANSWER ON 10.3.2017**

(a) Government of India has launched 'Start-up India' initiative in January 2016, which aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of start-ups. The data of start-ups recognized by Department of Industrial Policy & Promotion (DIPP), is maintained by 'Start-up India' and at present, there is no recognized start-up in the Defence sector. However, in order to encourage start-ups and give them an opportunity to contribute in the defence production, Ordnance Factory Board (OFB) and all Defence Public Sector Undertakings (DPSUs) have been mandated to follow the guidelines of Ministry of MSME regarding 'Relaxation of norms for start-ups and Medium & Small Enterprises in public procurements on prior experience – prior turnover criteria'.

**(b) to (d):** The Government has taken following actions to encourage culture of innovation in defence sector:-

- (i) Under the new Defence Procurement Procedure (DPP) 2016 promulgated in April 2016, the 'Make' Procedure has been simplified. The procedure provides for funding of 90% of development cost by the Government to Indian industry for design, develop and manufacture of defence equipment. Projects not exceeding development cost of Rs.10 crore (Government funded) and Rs.3 crore (industry funded) have been reserved for MSMEs under this procedure.
- (ii) The Government has recently approved a Defence Innovation Fund (DIF) with initial funding by two DPSUs; Bharat Electronics Limited (BEL) and Hindustan Aeronautics Limited (HAL). The fund aims at creation of ecosystem to foster innovation and technology development in Defence, by engaging R&D institutes / academia and industry including start-ups and provide them the funding to carry out innovative development which has the potential for future commercialization.
- (iii) The Government has also launched a scheme of Technology Development Fund (TDF) which aims at funding the development of defence and dual use technologies that are currently not available with the Indian defence industry, or have not been developed so far, thus creating an ecosystem for enhancing cutting edge technology capability for Defence applications. The TDF scheme is implemented by Defence Research & Development Organization (DRDO) and provides for assistance in the form of grant to public and private industries for design and development of key defence technologies.

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