

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
LOK SABHA
UNSTARRED QUESTION NO.3234
TO BE ANSWERED ON 17th DECEMBER, 2021

DEFENCE STARTUPS

3234. MS. DEBASREE CHAUDHURI:
SHRIMATI POONAM MAHAJAN:

Will the Minister of DEFENCE
be pleased to state:

- (a) whether the Government proposes to fund at least 250 defence startups over next five years and if so, the details thereof;
- (b) whether the Government has identified projects to be taken up under startup scheme and if so, the details thereof;
- (c) whether there is a need to strengthen Research and Development in defence manufacturing and if so, the steps taken by Government in this regard;
- (d) whether the Government proposes to expand innovations for defence Excellence Initiative and earmark at least Rs.500 crore for this initiative; and
- (e) if so, the details thereof and the steps taken by Government to bring together innovators with public and private sector industry and to make the country exporter of defence technologies?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

(a) to (e) : A Statement is attached as Annexure.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 3234 FOR ANSWER ON 17.12.2021 REGARDING 'DEFENCE STARTUPS'.

(a) to (e): The Department of Defence Production, Ministry of Defence has approved a central sector scheme viz. Innovations for Defence Excellence (iDEX) with budgetary support of Rs.498.78 crore for the next 5 years from 2021-22 to 2025-26. The objective of the scheme is to provide financial support to nearly 300 Startups/ MSMEs/individual innovators and about 20 Partner incubators through Defence Innovation Organisation (DIO). Innovations for Defence Excellence (iDEX) framework aims to achieve self-reliance and foster innovation and technology development in Defence and Aerospace Sector by engaging Industries including MSMEs, startups, individual innovators, R&D institutes and academia. A total of 89 iDEX winners have so far been identified. 35 new problem statements have been launched recently to expand the network, under Defence India Startup Challenge (DISC)-5.

2. Further, in order to promote startups, DRDO has also launched DARE to DREAM contest and Technology Development Fund (TDF) Scheme.

(i) Dare to Dream is a Pan India Innovation Contest to support startups & innovators to contribute in Defence ecosystem. DRDO has been conducting Dare to Dream Contest since 2019. DRDO specifies various themes and invites innovative ideas under those themes. Best ideas are selected and awarded. DRDO also supports awarded ideas to realize them into Prototype through TDF scheme. Two versions of Dare to Dream Contest have already been successfully conducted.

(ii) TDF Scheme is executed by DRDO under 'Make in India' initiative. The Government has approved TDF Scheme to encourage industries especially MSMEs and Startups to develop various defence technologies. The scheme operates in Grants-in-Aid Mode. The scheme was launched in Sep 2016. At present, a total of 37 project have been awarded to various industries specially MSMEs and Startups under TDF scheme.

3. Procedure for 'Make-II' category, which is Industry funded, was introduced in DPP-2016 to encourage indigenous development and manufacture of defence equipment. It has a number of industry friendly provisions such as relaxation of eligibility criterion, minimal documentation, provision for considering proposals suggested by industry/individual etc. So far, 60 projects relating to Army, Navy & Air Force, have been accorded 'Approval in Principle'.

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4. The steps taken to strengthen Research and Development in defence manufacturing are as follows:

- (i) Transfer of Technology (ToT) policy with 'nil' ToT fee for Development cum Production Partner (DcPP), Production Agency (PA) and Development Partner (DP) has been promulgated by DRDO. No royalty is charged from industry for supply to Indian Armed Forces/Paramilitary/Police Forces. 2% royalty is charged for export and products for commercial markets.
- (ii) DRDO is promoting research by providing Grant-in-Aid funding to various Indian R&D institutions/Universities.
- (iii) 10 Centers of Excellence (CoEs) are operational in various IITs/Universities across India for directed research in identified areas.
- (iv) 108 technologies/products have been exclusively earmarked for R&D leading to product development by Indian industry. DRDO provides necessary support, including testing and certification, wherever necessary/applicable.
- (v) DRDO patents have been made available to Industry for use at 'nil' cost.
- (vi) DRDO test facilities have been opened to industry for testing their equipment products.

5. Further, following policy initiatives have been undertaken by the Government to promote Defence Exports:-

- (i) Standard Operating Procedures (SOPs) for the export of munitions list items has been simplified to reduce the processing time for export authorizations.
- (ii) A completely end-to-end online portal for receiving and processing authorization permission has been developed. The applications submitted on this portal are digitally signed and the authorizations are also digitally issued.
- (iii) An online portal has been created through which export leads received from various stakeholders are being disseminated directly to the Indian Defence Exporters who are registered on the portal.
- (iv) The Government has notified the Open General Export License (OGEL) - a one-time export license, which permits the industry to export specified items to specified destinations, enumerated in the OGEL, without seeking export authorisation on case to case basis during the validity of the OGEL.
- (v) A Scheme for Promotion of Defence Exports has been notified to provide an opportunity to the prospective exporters to get their product certified by the Government and provides access to the testing infrastructure of Ministry of Defence for initial validation of the product and its subsequent field trials. The certificate can be produced by the prospective exporter for marketing their products suitably in the global market.

- (vi) A separate Export Promotion Cell has been formed in the Department of Defence Production (DDP) to co-ordinate and follow-up on export related action including enquiries received from various countries and facilitate private sector and public sector companies for export promotion.
- (vii) Defence Attache (DA) Scheme for Export Promotion has been formulated under which funds are provided to DAs for export promotion of Indigenous defence products of both public and private sector.
- (viii) DPSUs have been allocated certain countries to establish their marketing offices to have focused attention to encourage Defence exports in those countries.
- (ix) Subject to strategic considerations, domestically manufactured defence products are being promoted through Lines of Credit. Defence Lines of Credit (LOCs) are extended to sovereign governments of Friendly Foreign Countries to enable buyers in those countries, to import goods and services from India on attractive credit terms.
- (x) A High Level Committee (HLC) has been constituted under the Chairmanship of Hon'ble Raksha Mantri to facilitate faster clearances to export of major indigenous defence platforms to Friendly Foreign Countries.
- (xi) Webinars are being organized with Friendly Foreign Countries under the aegis of DDP, Ministry of Defence with active participation from Indian Defence Industries.
