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It gives me immense pride to present the Second Annual Report of SIDM. The 2018-19 report serves as a repository of the achievements that SIDM has made in the second year of its existence highlighting the important milestones which has earned it the regard it holds among key stakeholders.

This past year has been consequential for the Indian defence sector, with some big-ticket reforms such as the delegation of greater financial decision-making powers to Vice Chiefs of the three Services for revenue procurements; notification of the Scheme for Promotion of Defence Exports, greater focus on Make-II Projects and most importantly issuance of Expression of Interest under Strategic Partnership for shortlisting of potential Indian and foreign OEMs for procurement of 111 Naval Utility Helicopters. Basic Customs Duty exemption on import of defence equipment not manufactured in India is another major change that was announced in the budget 2019-20.

On its part, SIDM has been proactively engaging the government and presenting a unified voice of the Industry. SIDM firmly advocated this year for Reforms and Simplification of Procedures to help attract investment and enhance private sector participation in defence manufacturing. SIDM’s detailed report on “Doing Business in Defence: Key Industry Recommendations” which contains the key recommendations on procedural issues was highly appreciated by all stakeholders. SIDM is closely working with the Government on recommendations of the Report. In addition, SIDM also prepared a Comprehensive Reform Agenda for defence sector. The reform agenda contains critical recommendations such as promulgation of the Defence Production Policy, Streamlining of Field Evaluation Trials (FET) and time-bound implementation of Strategic Partnership Model etc.

SIDM also actively engaged the Government this year on many other important areas of interest including Offset Management, Export Promotion, Software Defined Radio (SDR), Ammunition etc. There is a huge emerging opportunity for the private sector to supply Software Defined Radios to the Indian Armed Forces. SIDM is closely interacting with the Government on “Indigenization of SDRs” and is also a member of the Standard Development Authority (SDA), constituted under the Directorate of Standardization (DoS), Ministry of Defence.

Encouraged by the positive reforms on export front, this year SIDM laid a special focus on exports and integrating Indian defence industry with the global supply chain. In 2018-19, SIDM mounted industry delegations to Sweden, Israel, Russia, France and South Korea. SIDM also hosted country seminars and interacted with incoming delegations from Norway, France, Japan and Russia. Besides, SIDM is also developing country reports for the benefit of the industry which map the export potential to developed and emerging markets.
Events like ARTECH 2019, National Seminar on Startups and the Vendor Development Programmes with various DPSUs organised this year, are a testament to SIDM’s commitment to promoting indigenization and encouraging participation of MSMEs in defence manufacturing.

We enter our third year just as the Narendra Modi led NDA government is re-elected into power with a historic mandate. If the previous term is anything to go by, the next five years are sure to witness positive changes, opening new vistas for growth and development of defence sector in India.

The announcement of the Chief of Defence Staff (CDS) in the Prime Minister’s Independence Day address to the nation strongly reinstates the Government’s commitment to bring in major reforms in this strategic sector.

We in SIDM will work closely with our key stakeholders to further improve ease of doing business and create conducive environment for Indian Defence Industry to play a significant role in making the nation self-reliant in Defence Production.

Baba N. Kalyani
President
Society of Indian Defence Manufacturers
It is my pleasure to put forth the Second Annual Report of the SIDM with our stakeholders. The year 2018-19 was full of exciting and fruitful actions to engage deeply with the Government Leadership, Ministry of Defence, Armed Forces, bilateral overseas delegations and the Industry which helped us bolster our position as the “One voice for Indian Defence Industry”.

Defence Sector is perhaps one of the liveliest sectors at the moment with so much happening in so little time. Contemporary geopolitics, favorable policies, industry friendly leadership at the helm of MoD is facilitating new business models and throwing open unprecedented opportunities under the Make-in-India initiative towards the vision of building sustainable strategic self-reliance and providing impetus to develop a robust defence industrial complex, along with its economic benefit and opportunities to harness India’s demographic dividend.

Several policy initiatives have been undertaken to increase domestic manufacturing, foster faster absorption of technology and attract long term investment in defence manufacturing. Series of Industry friendly amendments have been made in the Defence Procurement Procedure (DPP) 2016 towards “Business Process Re-engineering” in the MoD to simplify the procurement process, bring in Industry friendly procedures, industry inclusion without differentiation, and bring-in higher efficiency. The MoD is promoting a Defence Testing Infrastructure Scheme (DTIS) with the aim of providing easy access to defence testing infrastructure to the industry. The Scheme aims at setting up of 06 to 08 Greenfield Defence Testing Infrastructure, as a common facility under private sector with Government assistance.

SIDM’s commitment to indigenization remains unwavering. This is the very soul of our existence as a Society. Over the year gone by, SIDM has jointly organized numerous Events with the Ministry leadership, Indian Army, Indian Air Force (IAF) and is engaging with the Indian Navy for organizing one of the largest seminar-cum exposition on naval armaments, NAVARMS, soon.

SIDM had a notable presence at Aero India 2019 where it organized meaningful interactions between the Industry and Government delegations from four friendly foreign countries namely, France, Russia, Japan and USA. These sessions facilitated G2B and B2B meetings and representatives from these countries and India engaged to enhance bilateral cooperation.

This year, as on end August 2019, our Society’s membership stands at 239 members. This represents an increase of more than 22 per cent over the last year. As chairperson of the membership committee since inception of the Society, I am proud to report that over 85% of these companies are MSMEs, which is a testament of our commitment to promote alike all segments of
Indian Companies engaged in Defence manufacturing.

‘India First’, ‘One Voice’ and ‘Self Reliant for Security’ ‘Frugal Innovation’ shall continue to be our guiding principles in the quest to accomplish the Vision to “Empower Indian forces with Indian Solutions” while making SIDM a unique sector focused society for Defence Industry in the country.

Jayant D. Patil  
Vice President  
Society of Indian Defence Manufacturers
AN UPDATE: DEFENCE AND AEROSPACE SECTOR OF INDIA
AN UPDATE: DEFENCE AND AEROSPACE SECTOR OF INDIA

The Defence and Aerospace Industry of India is a strategically important sector. India has been striving towards defence self-sufficiency since the 1960s. The country has one of the world’s largest military budgets and is among the top arms importer, buying about 65 per cent of its needs from abroad. The Government of India has been working towards reversing the trend to reduce its dependency on imports and to build a robust, sustainable defence industry ecosystem in the country. Though the sector was opened for 100% participation by Indian private industry in 2002, however the “Make in India” initiative of the Government of India announced in September 2014 and subsequent alignment of the Defence Procurement Procedure (DPP) and Defence Production Policy (DProP) to facilitate enhanced participation of private industry are considered landmark steps. These have initiated gradual transformation of the Indian defence and aerospace industry landscape, albeit at a very gradual pace.

The ensuing Section gives an update on the salient activities developments in defence and aerospace sector of India during the year gone by.

POLICY:

DEFENCE PRODUCTION POLICY 2018:

The (draft) Defence Production Policy 2018 put up on the MoD website seeks to promote domestic production by public sector, private sector and micro, small and medium enterprise (MSMEs).

The policy clearly spells out the Government’s intention to focus on indigenisation and achieving self-reliance in manufacturing weapons / platforms such as aircraft, medium lift, attack and utility helicopters, warships, land combat vehicles, autonomous weapon system by 2025. The draft policy has incorporated most of the suggestions made by industry, on the earlier draft put out in the public domain in March 2018.

The policy lays down the following major goals and objectives:

- To create a dynamic, robust and competitive defence and aerospace industry as an important part of the ‘Make in India’ initiative.
- To create a tiered defence industrial ecosystem in the country.
- To reduce current dependence on imports and strive to achieve self-reliance in development and manufacture of major weapon systems/platforms such as fighter aircraft, helicopters, warships, combat vehicles etc., latest by 2025.
- To achieve a turnover of Rs 170,000 Crores (USD 26 Bn approx) in aerospace and defence goods and services by 2025 involving additional investment of nearly Rs 70,000 Crores (USD 10 Bn approx) creating employment for nearly 2 to 3 Million people.
To achieve export of Rs 35,000 Crores (USD 05 Bn approx) in defence goods and services by 2025.

The policy also aims to achieve synergy between defence procurement and defence production. In order to provide impetus to domestic manufacturing, it has been stipulated that the large set of items listed therein at Annexures, would not be imported from 2022 onwards.

CATEGORIZATION OF NON-CORE ITEMS:

275 items manufactured by Ordnance Factories have been declared "non-core" and the armed forces are free to procure these from open market or from the Ordnance Factories Board (OFB). Accordingly, requirement of NOC (No Objection Certificate) from Ordnance Factory Board (OFB) for these items has been dispensed with and services are free to procure these items against Request for Proposal (RFP) from open market or from OFB. These items include clothing, troop comfort stores and parts for various types of ammunition.

AVAILABILITY OF OFB PROOF RANGES FOR PRIVATE INDUSTRY:

The MOD has issued orders on 20 Jun 2019 to make available proof ranges of six ordnance factories (OF Varangaon, AFK Pune, RFI Ishapore, OF Trichy, OF Kanpur, and HVF Avadi). This should help private industry in developing and testing ammunition.

MAKE-II PROCEDURE FOR OFB AND DPSUS:

The MoD in February 2019 notified a framework for implementation of Make-II procedure at OFB & DPSUs in February 2019 with the objective to enable OFB & DPSUs to harness the potential of private sector in indigenization of items being currently imported by them. OFB & DPSUs have submitted the initial list of following items which will be taken up for indigenization under 'Make-II' framework, and the implementation strategy with timelines.

<table>
<thead>
<tr>
<th>S.NO</th>
<th>NAME OF DPSU/OFB</th>
<th>NUMBER OF ITEMS PROPOSED TO BE INDIGENIZED UNDER MAKE-II</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HAL</td>
<td>3249</td>
</tr>
<tr>
<td>2</td>
<td>BEML</td>
<td>203</td>
</tr>
<tr>
<td>3</td>
<td>BEL</td>
<td>41</td>
</tr>
<tr>
<td>4</td>
<td>OFB</td>
<td>54</td>
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<tr>
<td>5</td>
<td>HSL</td>
<td>6</td>
</tr>
</tbody>
</table>

OFB has already issued EoIs for some of the items.
▶ DEFENCE TESTING AND INFRASTRUCTURE SCHEME:

The MoD has, in June 2019, promulgated the Defence Testing Infrastructure scheme (DTIS), to facilitate indigenous defence production & consequently reduce imports of military equipment and make the country self-reliant. The Defence Testing Infrastructure Scheme (DTIS) proposes setting up of 06 to 08 new DTIs, with a total grant-in-aid of Rs 400 Crores.

The MoD conducted a workshop on 27 Aug 2019 to explain the scheme and seek inputs from industry participants.

▶ CUSTOMS DUTY EXEMPTION FOR IMPORTS BY MOD AND SERVICES:

In the Union Budget 2019, the Finance Minister proposed that the defence equipment not being manufactured in India be exempted from customs duty. Thereafter, Department of Revenue, Ministry of Finance, through Notification No. 19/ 2019- Customs, dated July 6, 2019, notified a list of goods which will be exempted, when imported into India by the MoD or the Defence Forces, from the whole of the duty of the customs leviable thereon, subject to a few conditions. The notification can be perused through the following link:

http://www.cbic.gov.in/resources//htdocs-cbec/cus-
toms/cs-act/-
d=06AE97EF419B77FBCBC59DB838663FF0

▶ RAKSHA MANTRI’S AWARDS FOR EXCELLENCE IN DEFENCE AND AEROSPACE SECTOR:

In the past, only Ordnance Factories and Defence Public Sector Units / Shipyards were eligible for the annual Raksha Mantri’s Awards for Excellence. With an aim to provide a further boost to the ‘Make in India’ initiative in Defence and Aerospace sector, and encourage growth of Private Industry in this segment, the MoD has declared that with effect from year 2019 onwards, DPSUs / OFB Units and Private sector industry engaged in Defence and Aerospace sector will compete for a common set of Raksha Mantri’s Awards for Excellence in Defence and Aerospace Sector. The framework for selection of units for these Awards, including eligibility conditions, assessment parameters and selection methodology, is described in the guideline document promulgated 08 July 2019. These are available on MoD’s website.

https://ddpmod.gov.in/sites/default/files/Guide-

▶ SCHEME FOR SELF-CERTIFICATION OF DEFENCE PUBLIC SECTOR & PRIVATE VENDOR:

Guidelines for the scheme for self-certification of Defence Public and Private Sector industry have been promulgated by the MoD on 13 May 2019. This scheme lays down the requirements, criteria and assessment procedure for awarding Self-certification status to DPSUs as well as Private industries, its validity and withdrawal, and executive instructions for acceptance of stores under the scheme.
The scheme has the potential to provide significant relief to private industries, in terms of reduced overheads on account of inspection activities of DGQA or its nominated agencies.

**SCHEME FOR PROMOTION OF MSMES IN DEFENCE SECTOR:**

The MoD has promulgated a scheme for promotion of MSMEs. Under the Scheme, MSMEs will be educated about the requirements & expectations of the defence sector, and the enabling provisions & avenues introduced by the Government to incentivise them, through various events viz. conclaves, workshops, vendor development meets, seminars, exhibitions and on-site visits to the prominent defence sector establishments in the public and private sector. The conclaves will be co-hosted by partner agencies and the local industry associations. Speakers and resource persons will be selected from experienced defence sector professionals and representatives nominated by the MoD, Service HQs and Indian/foreign OEMs.

The primary objectives of the Scheme are as follows:

- To unlock the potential of the non-defence sector MSMEs located in Tier II and Tier III cities across India by providing them with relevant information about the Government of India’s ‘Make in India’ programme in defence.

- To give a new impetus to the development of defence production in the country both for its domestic needs and also for exporting to friendly countries, by involving the MSMEs in larger numbers.

- To provide know-how to Indian MSMEs active in non-defence sectors for their entry in the defence sector through workshops and conclaves.

- To tutor the MSMEs about the prospective market and business opportunities around the world.

- To enable institutionalisation of the interaction of foreign OEMs with MSMEs to encourage wider participation in the offset business industry.

**PUBLIC PROCUREMENT (PREFERENCE TO MAKE IN INDIA), ORDER 2017:**

In order to promote indigenisation of goods and services in India, Public Procurement (Preference to Make in India), Order 2017 was notified by the Department of Industrial Policy and Promotion (DIPP) in June 2017. Department of Defence Production (DDP) has been appointed as the nodal Department for implementation of this Order with respect to procurement of all defence related items. DDP has already notified a list of 116 items procured by Ordnance Factories and Defence Public Sector Undertakings with the stipulated percentages of local content for eligibility.

**SCHEME FOR PROMOTION OF DEFENCE EXPORTS:**

The scheme has been notified to provide an opportunity to the prospective exporters to get their product certified by the Government and access to the testing infrastructure of the MoD 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. To ensure ease of implementation of the scheme, an SOP has also been promulgated by MoD in March 2019.

DELEGATION OF POWER FOR EXPORT LICENSE UNDER SMALL ARMS RULES 2016 FROM MHA TO DDP:

MHA vide Notification dated November 1, 2018 delegated its powers to Department of Defence Production for issue of export license under Arms Rules 2016 in Form X-A, for parts & components of small arms to ensure that Department of Defence Production remains a single point of contact for exporters.

DELEGATION OF POWERS FOR CAPITAL ACQUISITION BY SERVICES:

Keeping in view the need for efficient and expeditious processing of capital acquisition cases to meet the requirements of the three Services under enhanced delegated financial powers, Ministry of Defence has enhanced existing delegation of financial powers for sanction of Capital Acquisition proposals covered under the Services Capital Annual Acquisition Plan. The delegated financial powers for SHQ authorities have been increased to Rs 300 Crores. AoN for such schemes can be accorded by the Services Capital Acquisition Categorization Committee (SCAPCC) itself.

PROCEDURE

Several initiatives were taken by the Ministry during the period towards simplification, rationalization, and decentralization of decision making and streamlining of procedure, with the intent of enhancement of ease of doing business.

STREAMLINING OF DEFENCE PROCUREMENT PROCEDURE:

The Defence Procurement Procedure (DPP) 2016 promulgated by the MoD in April 2016 was primarily focused on boosting the ‘Make in India’ initiative of the Government of India by promoting indigenous design, development and manufacturing of defence equipment, platforms and systems. Basis the experience of the last two years coupled with interactions with the industry and other stakeholders, MOD has promulgated amendments, in phases, to DPP under its initiative of ‘Business Process Re-engineering (BPR) in Capital Acquisition’, aimed at simplifying the procedure and reducing timelines for processing cases. The most recently updated version of DPP 2016 dated May 6, 2019 is available on the MoD website.

COMMITTEE TO REVIEW DPP 2016 AND DPM 2009:

The Hon’ble Defence Minister has recently approved the constitution of a high-level committee to further revise and align the procedure of Defence procurement with the aim of strengthening the ‘Make in India’ initiative.
The Committee has been tasked to review the Defence Procurement Procedure (DPP) 2016 and the Defence Procurement Manual (DPM) 2009.

STREAMLINING INDUSTRIAL LICENSING:

Based on the initiative taken by DDP, MHA through notification dated November 1, 2018, notified Arms Rules 2016 (Third Amendment) that Firearms (Small Arms and ammunitions and allied items of calibre up to 12.7 mm) and their parts (a. Barrel b. Cylinder c. Bolt d. Breach block e. Slide f. Firing Pin g. Frame or Receiver h. Extractor i. Hammer/Striker) only are licensable under Armes Act, 1959/Arms Rules 2016.

DEFENCE EXPORTS:

Several steps have been taken by MOD during 2018-19 to increase defence exports. These measures are aimed to enhance ease of doing business in exports by reforming export permission processes and developing a completely end-to-end online portal for receiving and processing authorization permissions, the time taken for authorization has gone down substantially. MOD has also reported substantial increase in defence exports during 2018-19 vis-à-vis earlier years.

REVISED MAKE II:

Looking at the success of Revised Make-II procedure under DPP 2016, the MoD has approved a ‘Make-II’ for OFB in February 2019. Similar framework has also been advised to Defence PSUs for suitable consideration and adoption. The OFB and DPSUs have published a list of over 4000 items, which have been proposed to be undertaken for development by private industry under Make-II procedure in the coming years. This framework is expected to provide significant, long term business opportunities from OFs & DPSUs to Indian private industry.

ORGANIZATION

EXPORT PROMOTION CELL:

This cell is formed by the MoD 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. DPSUs & OFB have been directed to have at least 25 percent as export target from out of their total sales. Defence Attaches have also been mandated to provide support for defence export promotion. An Export Booklet has also been published in which products of DPSUs /OFB and private companies dealing in manufacturing of defence products have been included.

DEFENCE INVESTOR CELL (DIC):

DIC was launched in January 2018 and provides an online interface assisting MSMEs. During the year 2018-19, the DIC received 398 requests for help and out of these 394 were addressed/ closed.

COMMITTEE FOR DEFENCE INDUSTRIAL CORRIDORS:

Finance Minister in his Budget Speech on February 1, 2018 had announced setting up of two Defence Corridors in the Country. Consequently, it was decided to develop one such corridor in Uttar Pradesh and the other one in Tamil Nadu.
A Committee under chairmanship of Additional Secretary, DDP has been formed to monitor the implementation of these projects announced for the two corridors.

**DEVELOPMENT OF INDIGENOUS INDUSTRY ECOSYSTEM FOR SOFTWARE DEFINED RADIO:**

Software Defined Radio is a basic device which is required for all communications by forces and is set to replace the traditional radio systems. A committee was constituted in November 2018 for preparing a roadmap for development of Indigenous Software Defined Radio (SDR) ecosystem with a focus to meet requirements of strategic sector and Defence Service indigenously. The committee comprised of all stakeholders including members from three Services, Academia, DRDO, DAE, BEL, Industry represented by SIDM and DDP.

Based on the recommendations of the Committee, a Standards Development Authority (SDA) was constituted on March 7, 2019 under Directorate of Standardisation (DoS/DDP) towards development/preparation of standards for critical/emerging technologies which have defence & strategic sector applicability and are critical for self-reliance. As part of their initial work, technical work for developing standards for Software Defined Radio (SDR) has been initiated by SDA.

**DEVELOPMENT OF INTELLECTUAL PROPERTY BY DEFENCE PSUS AND OFB:**

During the year, DDP has initiated a new programme to promote greater culture of innovation and technology development in Defence PSUs and OFB.

As part of this effort, “Mission Raksha Gyanshakti” programme was started targeting to train DPSU and OFB employees and to file greater number of patents for new technologies/process innovations made by them. This Mission was launched formally by Raksha Mantri on November 27, 2018.

**THE DOMW END-TO-END WEB PORTAL DIGITIZES AND AUTOMATES THE OFFSET CONTRACT MANAGEMENT PROCESS:**

The MoD has decided to create a DOMW end-to-end Web Portal to digitize and automate the Offset Contract Management process. The portal will ensure that the Original Equipment Manufacturers (OEM) can digitally track and maintain the contracts along with details of Indian Offset Partner (IOP) and sub foreign vendors.

The process of submission and approval of Transaction Claims, Discharge Schedule and Progress Reports will also be done with complete transparency between Industry, Defence Offset Management Wing and Auditor. The following key functionalities will be made available through the portal:

- Create Contracts and onboard OEMs.
- Manage IOP, sub partner and submit discharge schedule.
- To enable institutionalisation of the interaction of foreign

To begin with, the MoD has published a list of all the 57 ongoing defence contracts, which have offset obligations, on this website.
BUSINESS ACTIVITY

DEFENCE PRODUCTION:

Defence production in India has grown from Rs 74,121 crore in the year 2016-17 to Rs 80,502 crore in 2018-19, of which the private sector has contributed Rs 16,000 crore.

DEFENCE EXPORTS:

Defence exports have witnessed a tremendous growth from Rs 1,521 crore in 2016-17 to Rs 10,745 crore in 2018-19. India made these defence exports to various friendly nations, including the US and those in the Middle-East, South Asia and Africa.

DEFENCE BUDGET FOR CAPITAL ACQUISITIONS:

A snapshot of the capital acquisition budget is given in the figure below.

CONTRACTS:

Data on capital acquisition contracts concluded during the last three financial years i.e. from 2016-17 to 2018-19, is presented below. Overall, there is increase in the number of contracts as well as total value of contracts in favour of Indian industry.

Over the last 3 financial years, the number of contracts signed with Indian industry have increased from 50% in 2016-17 to 64% in 2017-18 and 68% in 2018-19.

Overall, approx 61% of contracts since 2016-17 have been signed with Indian Industry.

The increasing number of contracts with indigenous industry reflects an impetus to domestic industry in keeping with emerging indigenous capabilities.
DEFENCE CONTRACTS

AoNs:

In the last three years, Acceptance of Necessity (AoN) has been given for 160 proposals worth Rs 3,07,781 Crore. Out of these, 111 AoNs (69%) worth Rs 2,53,413 Crore have Indian Industry oriented categorisation for domestic production.

During the last three financial years, 160 AoNs worth approx Rs 3,07,781 Crore were accorded. Out of these, 111 AoNs (69%) worth Rs 2,53,413 Crore have Indian Industry oriented categorization.

In terms of cost, in the last 3 FY's, 82% of AoN cost pertained to AoNs favouring Indian Industry Participation.

Acceptance of necessity accorded
INDUSTRIAL LICENSES:

Government has issued 439 ILs till March 2019 for manufacture of a wide range of defence items to private companies.

MAKE II PROJECTS:

Up to 11 July 2019, 40 Make-II projects had been granted Approval-in-Principle. These include 19 projects for Indian Army, 11 projects for Indian Airforce and 10 projects for the Indian Navy. Project Sanction Orders for 08 projects have been issued so far.

Under the Make II scheme of OFB and DPSUs, EOs for 53 projects of OFB and 02 projects of shipyards have also been issued.

JV BETWEEN OFB AND CONCERN KALASHNIKOV, RUSSIA ALONG WITH ROE:

A Joint Venture between OFB and Concern Kalashnikov, Russia along with Rosonboron Export (ROE), Russia has been approved in Korwa, UP for manufacture of AK-203 rifles and is expected to bolster the UP corridor.

INNOVATION FOR DEFENCE EXCELLENCE (IDEX):

The iDEX initiative aims to take advantage of the innovative capital of India’s start-ups. Ministry of Defence introduced “Innovations for Defence Excellence” (iDEX) initiative which was launched by PM Modi in April 2018. iDEX offered 11 challenges in August 2018 that encompassed operational issues faced by the defence forces. 520 responses were received. These are being processed. Successful applicants would be eligible for Rs 1.5 crore as support. Four more challenges were released keeping in view the enthusiasm encountered in the first round. Submissions for these challenges is in progress.

SUO-MOTO PROPOSALS:

The process aims to capitalise on the creativity of start-ups, by allowing them a chance to offer their solutions for use by the armed forces. The system does away with the requirement of issue of RFP (Request for Proposal) by the services and allows the industry to make a suo-moto offer of their products. 113 such proposals have been received so far and five of these have been accorded Approval-in-Principle.

STRATEGIC PARTNERSHIP MODEL:

Under the Strategic Partnership Model, approval for two important proposals for fighter aircraft and submarines have been given. In Feb 2019, Ministry of Defence issued Expression of Interest (Eoi) for short-listing of potential Indian Strategic Partners and foreign OEMs for procuring Rs 21,738-crore 111 Naval Utility Helicopters (NUH) for the Indian Navy where 60% of the helicopter will be indigenized. For the second project, the Indian Navy has issued an Expression of Interest (EOI) in June 2019 for shortlisting potential strategic partners for the construction of six P-75 (I) submarines. The project would cost nearly Rs 45,000 crore.
ARTIFICIAL INTELLIGENCE (AI):

Based on the recommendations of the multi-stakeholder Task Force constituted by the Ministry of Defence for 'strategic implementation of Artificial Intelligence for National Security and Defence', a High-Level Defence AI Council (DIAC) has been constituted under the chairmanship of Raksha Mantri. DIAC shall provide necessary guidance to enable and effect development or tailoring of operating framework, policy level changes and structural support. Development of 25 AI based products and applications for military use have been initiated.
POLICY ADVOCACY
POLICY ADVOCACY

‘India First’, ‘One Voice’ and ‘Self Reliant for Security’

The Government of India is, on an ongoing basis, refining policies to promote self-reliance, indigenization, technology upgradation and economies of scale in India’s defence manufacturing sector. SIDM aids this process and strengthens the government’s endeavors by representing the aspirations and concerns of the defence industry and providing unbiased perspective to policymakers. In the year 2018-19, SIDM took up several key issues affecting the Defence sector and made comprehensive recommendations to create an enabling environment. Some of the initiatives on Policy Advocacy front undertaken by SIDM include:

‘DOING BUSINESS IN DEFENCE: KEY INDUSTRY RECOMMENDATIONS’:

The Indian Defence Industry is often challenged with procedural bottlenecks in the defence procurements system. To support the Industry, SIDM facilitated an industry stakeholder discussion with Defence Secretary and Director General (Acquisition) this year. Based on the discussion and subsequent inputs received from members, SIDM prepared a comprehensive report titled ‘Doing Business in Defence: Key Industry Recommendations’. Many of recommendations of the Report are under active consideration of the Government.

ENERGIZING DEFENCE MANUFACTURING IN INDIA: AGENDA FOR THE NEW GOVERNMENT:

With the appointment of a new Cabinet, SIDM realized the need to prepare a Comprehensive Reform Agenda to apprise the New Government and Defence Minister about the pending reforms desired to be taken on to energize defence manufacturing in India. Accordingly, SIDM prepared a document titled
‘Energizing Defence Manufacturing in India: A Reform Agenda’. SIDM made the following key recommendations:

- Promulgation of Defence Production Policy 2018 at the earliest, to re-emphasis and bring into focus the stated intent to achieve self-reliance by 2025 and in parallel initiate required measures to achieve that.
- Creation of an enabling environment to foster collaboration between DPSUs/OFBs and Private sector to create a win-win scenario where capacity of both could be fully utilized.
- Accelerating orders in pipelines, where trials have been completed.
- Promulgation of a suitable policy for optimizing the scope of Field Evaluation Trials under DPP.

**RATIONALIZATION OF FIELD EVALUATION TRIALS (FET):**

To bring to attention the issue of prolonged trials upsetting the industry investment cycle and to suggest ways for its redressal, SIDM prepared a note on ‘Methods to streamline Field Evaluation Trials’ and submitted the same to Integrated Defence Staff (IDS) HQ. Following were the key recommendations:

- There is a need to have a de-novo approach to Field Evaluation Trials. Trials should be based on a mix of simulations, predictive algorithms and actual trials.
- Establishing an integrated system for easy access to testing infrastructure for internal trials will help the OEMs be better prepared for User trials.
- Trial Team composition must be of people who have served in the acquisition and not from field formations alone.
- Para 67 of Chapter II of DPP 2016 lays down the feasibility of Multi-Disciplinary Technical Delegation for trials abroad. This could be adopted for Indian trials too with an extended period of evaluation and certification.
- For Design and Development Cases, User Assisted Technical Trials (UATT) must be considered as valid user trials.

**INDIGENISATION OF SOFTWARE DEFINED RADIOS (SDR):**

SIDM has been championing the cause of Indigenisation of
Software Defined Radios (SDRs), SIDM is a member of the Committee set up by the Directorate of Standardization (DoS), MoD for preparation of roadmap for development of Indigenous Software Defined Radios (SDR) Ecosystem. SIDM conducted numerous industry interactions to gauge industry preparedness and capability for indigenisation of SDRs and the need for standardisation in the development of SDRs in the country. Basis these industry consultations, SIDM presented a unified industry perspective to the Committee. SIDM apprised the Committee that the requisite capability to design Indigenous SDR exists in the country including Hardware & Software design and development, except for some components which need to be imported due to absence of foundries in India. SIDM also submitted that the Indian Industry has the capacity to be able to productionize the SDRs. It was also duly emphasised that there exists a need for standardization of air-interface, along with the adoption of a framework such as a Software Communications Architecture (SCA), and an interface for security modules. SIDM suggested that a Joint Working Group be constituted for setting out norms for development of Software Tools for SCA. The Committee reviewed SIDM’s recommendations subsequent to which the final Committee report was presented to the Honourable Raksha Mantri in January 2019. Consequently, a Standards Development Authority (SDA) has been constituted under the DoS, MoD. SIDM is a member of this SDA.

**CREATION OF TEST FACILITIES FOR INDIAN PRIVATE SECTOR:**

One of the main impediments for domestic defence production is lack of easily accessible state-of-the-art testing infrastructure. Defence Testing Infrastructure is often capital intensive, requiring continuous upgradation and is not economically viable for individual defence industrial units to set up in-house testing. To address this critical issue, government has not only opened the test ranges for use by the private sector, it has come out with the Defence Testing Infrastructure Scheme (DTIS) for setting up testing infrastructure. Under the proposed scheme govt assistance will be limited to 75% of the cost of facility. Balance 25% or more will be invested by a Special Purpose Vehicle (SPV), Section 8 company, constituted for the purpose, which will also be responsible for operation and maintenance of the facility through user charges. Further, realizing that UAV is a thriving industry in India, with most players being SMEs, the Govt is considering setting up an integrated test facility for UAVs as the first project under DTIS.

**MANUFACTURE OF AMMUNITION BY INDIAN PRIVATE INDUSTRIES:**

The Arms Rules 2016 allowed private sector companies to seek license for manufacture and proof test of arms & ammunition for military use. Consequently, several Indian Private Companies sought license from the Department of Industrial Policy and Promotion (DIPP) to manufacture ammunition. An amended RFP was released in 2018. In order to facilitate speedy procurement, SIDM has been closely interacting with all stakeholders including industry.

**BROAD-BASING OF FINANCIAL EVALUATION CRITERIA IN AN RFP UNDER MAKE II:**

SIDM made a representation to the concerned authorities for removal of restrictive Financial Evaluation Criteria for selection
of vendors for development of Infrared Imaging Search & Track System (IRST) under Make-II. After a series of discussions with the MoD including with participation of industry, the criteria were relaxed allowing for larger participation of the industry in the project.

**STRINGENT QUALIFYING CRITERIA FOR PARTICIPATING IN TENDERS OF ORDNANCE FACTORY BOARD:**

SIDM made a representation to Chairman OFB to review the qualifying criteria for participation in Ordnance Factories Board (OFB) Tender by newly formed Joint Ventures and Special Purpose Vehicle (SPV) as the criteria is currently found to be restrictive in nature owing to the technical and financial experience sought by the bidders.

**SUPPORTING OFB/DPSUs IN IMPORT SUBSTITUTION THROUGH PRIVATE INDUSTRY:**

SIDM reached out to the industry for identifying prospective industries capable of supplying the following to the Defence Forces/OFB:

- Rectifier Cum Accelerator for A Vehicles as Make II Project
- Design & Development of FFM for Rapid Runway Repair

- Blast Attenuating Seats (BAS) for Land Systems (OFB for Wheeled APC). Two firms have been shortlisted for working out Terms of supply and testing.

SIDM also collated industry capability to design/develop/manufacture items under various projects and submitted this capability report to the concerned authorities.

**BRIDGING GAP BETWEEN INDUSTRY & USER:**

On numerous occasions, SIDM has risen to bridge the gaps between User’s understanding of industry capability and industry’s knowledge of upcoming opportunities. One such instance is that of Ordnance Factory Korwa. OF Korwa had announced that it will take on production of Assault Rifle for the Indian Armed Forces and had expressed urgent requirement for Rifle Carrying Case (10 Rifle capacity each & 70,000 Qty) and 3 Point Rifle Sling (7 Lacs Qty). SIDM reached out to the Industry to gauge Industry capability. An overwhelming response was received from the industry and the same was communicated to OF Korwa.

**TECHNOLOGY DEVELOPMENT FUND (TDF) - CYCLE 4 REQUIREMENTS:**

Technology Development Fund (TDF) is a scheme set up by the Government of India under the ‘Make in India’ initiative, to create an eco-system for enhancing cutting edge technology capabilities, by inculcating R&D culture in the industry for building indigenous state-of-the-art systems for defence applications.
The TDF Scheme aims to develop defence and dual use technologies that are currently not available throughout the Indian defence industry; or are yet to be developed.
SIDM organized the Technical Consultative Workshop and Collegiate Meeting for TDF- Cycle 4 requirements for 4 projects, namely:

- Use of composite technology for bottles storing HP/LP air and Other gases
- HV Transformer for Pechora MG
- Purchase Tape for Arrester Barrier Systems
- Development of Indigenous Waterjet Propulsion System

SIDM brought on board Industry participants and Academia to participate in the feasibility study for these four projects.

**IBO-DPSU INTERACTION AT IDS HQ:**

An interaction between the Indian Business Organisations (IBO), industry members and representatives of Service HQs is held every second month at the Integrated Defence Services, Head Quarters, Kashmir House.
In this last one year, SIDM has facilitated participation of 13 member companies in these interactions. The meeting provides for a direct interface between the industry and the users and is called with the objective of apprising the procurement personnel of the industry capability. The interaction also acts as a platform for raising specific industry grievances which the IDS can take up with the concerned line directorate. Among other issues like requirement of Earnest Money Deposit (EMD), minimum turnover criteria, requirement of security deposits, SIDM has raised the issue of retraction of RFP and non-acceptance of ‘Deemed registration’ by Ordnance Factories.
THE BIG PICTURE
THE BIG PICTURE

In an effort to engage with our stakeholders, SIDM regularly conducts events, which provide a common platform for interaction with Armed Forces, Ministry of Defence, OEMs and industry players. Through these events, SIDM not only raises issues facing the industry but also disseminates information about policy changes undertaken by the Government and the emerging and diverse requirements of the Armed Forces. Some key events conducted during the year are:

INDIAN ARMY MAKE PROJECTS SEMINAR 2018

The Society of Indian Defence Manufacturers (SIDM), together with the Confederation of Indian Industry (CII) collaborated with the Indian Army to organise the Indian Army MAKE Seminar in October 2018.

The Event acted as a platform for the Industry to interact with the Army and senior government officials on MAKE process, particularly in light of the new simplified MAKE-II procedure which was promulgated in 2018. The details of requirements, such as main equipment, end use, broad specifications, enabling technologies, estimated long-term quantity, anticipated timelines for projects, etc., of identified projects, were presented by the Army. The seminar was followed by one-on-one interaction with key directorates of the Indian Army. The seminar allowed industry participants to seek clarifications on various aspects of the 'MAKE' procedure. The event was attended by over 300 people cutting across the services, government, private industry, academia and the media.

SPECIAL SEMINAR ON “ACHIEVING RS. 35,000 CRORE DEFENCE EXPORTS”

Society of Indian Defence Manufacturers (SIDM) in collaboration with the Confederation of Indian Industry (CII) organised a Special Seminar on ‘Achieving Rs. 35,000 Crore Defence Exports’ on 29 October 2018, which was chaired by the Secretary (DP) Dr. Ajay Kumar.

The Department of Defence Production, Ministry of Defence notified a new ‘Scheme for Promotion of Defence Exports’ with the objective of enhancing annual defence exports to Rs. 35,000 crores by the year 2025, as envisioned in the Draft Defence Production Policy 2018.
In order to provide an opportunity for the private sector to market their products globally, the new scheme made two options available to prospective exporters, namely ‘Certification’ and ‘Testing and Certification.’ The seminar shed light on these new policy initiatives regarding export clearance, line of credit and ‘Fit for Indian Military Use’ certification for exports, among others. Notable speakers at the event included Dr Ajay Kumar, then Secretary (DP), Mr. Sanjay Jaju, Joint Secretary (DIP), Dr Rajib Kumar Sen, then Joint Secretary (DOMW & EA) and other senior officials from Directorate General of Quality Assurance (DGQA), Directorate General of Foreign Trade (DGFT) and the Ministry of External Affairs.

**ARTECH 2019**

Society of Indian Defence Manufacturers (SIDM) and Confederation of Indian Industry (CII) in association with the Army Design Bureau (ADB), Indian Army organized the 4th Army Technology Seminar 2019 (ARTECH 2019) with the theme ‘Disruptive Impact of Emerging Technologies on Land Warfare’ in January 2019 in New Delhi as part of annual events of Army Day Celebrations. The previous three seminars resulted in increased interaction and handholding of defence Industry and Academic Institutions. Nine new Make projects, seven Technology Development Fund projects and eight Army Technology Board projects have been taken up in the year 2018 as a result of increased interaction.
Building on that, the 4th Volume of the Compendium of Problem Definition Statements of the ADB was released by then Hon’ble Raksha Rajya Mantri Dr Subhash Ramrao Bhamre and General Bipin Rawat PVSM UYSM AVSM YSM SM VSM ADC, Chief of the Army Staff (COAS). The seminar also hosted an experiential display of equipment which has the potential to yield disproportionate results on the battlefield, from over 30 companies besides several startups and for the first time, academic institutions such as Gujarat University, Amity University, and several IITs.

DEFENCE INDUSTRY STAKEHOLDERS SEMINAR

The Society of Indian Defence Manufacturers (SIDM) and Confederation of Indian Industry (CII) have been working closely with the Government at the Centre as well as various state governments in encouraging private sector to diversify their business into defence manufacturing. One such industrial region which was recently identified is the Mumbai-Pune-Nashik-Aurangabad and Ahmednagar region which is home to a thriving MSME industry already engaged in industrial manufacturing that have the potential to be integrated into the supply chain of major OEM’s in the region. In line with the long-standing national aspiration of achieving self-reliance in defence, the Society of Indian Defence Manufacturers (SIDM) and CII organised the Defence Industry Stakeholders Seminar in Nashik, Maharashtra in collaboration with the Ministry of Defence, Hindustan Aeronautics Limited (HAL) and other local industry associations such as NIMA, AIMMA, MACCIA and NICE etc.

The seminar brought together key stakeholders-Government officials, senior representatives of the three Services, DRDO, Defence PSUs, and private Industry to deliberate on opportunities in capital, sustenance and indigenization requirements of the Indian Armed Forces and galvanise business engagements. A number of DPSUs, Shipyards, OFB, DGQA / DGAQA / Department of Indigenization of Army, Navy and the Airforce exhibited their products for indigenisation. The seminar which was attended by nearly 500 participants also saw huge participation from nearby engineering and technical colleges.

Dr. Subhash Ramrao Bhamre, then Hon’ble Raksha Rajya Mantri, who was the Chief Guest at the seminar announced that Nashik will be the site of the country’s second Defence Innovation Hub (DIH) after Coimbatore in Tamil Nadu. The DIH at Nashik will nurture start-ups and help local industries to manufacture for the armed forces, in line with the Prime Minister’s Make in India programme and vision for developing India into a defence manufacturing hub and subsequently rank among the top five arms exporters by 2025, with exports over Rs 35,000 crore.
SIDM @ AERO INDIA 2019

Aero India Exhibition, which is organized every two years, has already carved a niche for itself globally as a premier aerospace exhibition, with eleven successful editions organized since 1996. This year's show hosted over 400 exhibitors from all over the world. SIDM hosted four Special Seminars during Aero India 2019 in partnership with France, USA, Russia, and Japan.

Indo-French Defence & Cooperation - Building An Integrated Global Supply Chain:

Coinciding with Aero India 2019, SIDM, CII and GIFAS in association with Department of Defence Production, Ministry of Defence organized a Seminar on Indo – French Defence & Aerospace Cooperation which was attended by senior government officials including minister of Industries of Tamil Nadu and top industry players from India & France. Both Indian and French companies deliberated on taking the existing relationship to the next level, from ToT to co-development and co-production to meet Indian and global demand. Deliberations were carried out to expand the partnerships to lower tiers of the Indian industry to build a complete ecosystem and serve the global supply chain. The session brought out the keenness of the French defence industry to expand trade with the Indian industry, especially in the aerospace arena. States housing the Defence Industrial Corridors also laid out their Defence & Aerospace Manufacturing Policies that give a bouquet of attractive incentives to industries, both Indian and Foreign, for setting up units and business in the state.

Interaction with the Deputy Under Secretary – Acquisition & Sustainment, Department of Defence, USA

On the sidelines of Aero India 2019, SIDM & CII organized an Interaction with Mr. Alan Shaffer, US Deputy Under Secretary – Acquisition & Sustainment, Department of Defence, Mr. Scott Baum, the Special Representative for Industrial Policy and a team from the American Embassy in New Delhi. Mr. Shaffer charted the progress of defence business between the two countries, which has grown to US$ 21 billion in 2008. Mr. Scott praised the standards of Indian products and highlighted how
both countries had certain technologies that the other could benefit from.

Indian OEMs shared some of the challenges they face in doing business with American companies which led to a well-rounded discussion centered around the removal of hindrances to trade & collaborations and create smoother channels for procurement and build faster clearance processes to boost the defence supply chain ecosystem between the two countries. Participants also discussed ways to further deepen and increase B2B and B2G interactions.

Defence Industrial Corridors - Linking India to the Global Aerospace Supply Chain

SIDM, CII and USIBC in association with Department of Defence Production, Ministry of Defence organized a Session on “Defence Industrial Corridors Linking India to the Global Aerospace Supply Chain”. The session brought out the policy initiatives undertaken by various state governments including Tamil Nadu, Telangana and Uttar Pradesh to encourage and facilitate investments in their respective states, under the Prime Minister’s flagship Make in India initiative. A number of central government policy initiatives which have been launched to promote defence manufacturing in India and to improve ease of doing business were discussed, as also ways to foster collaboration through offset obligations.
■ Indo-Russian Defence & Aerospace Cooperation - Glorious Past to Prospective Future

SIDM, CII and FSMTC in association with Department of Defence Production, Ministry of Defence organized a Session on “Indo – Russia Defence & Aerospace Cooperation: Glorious Past to Prospective Future”. The seminar explored a case study of joint development approach, as was followed in case of the JV between BRAHMOS and Ananth Technologies Ltd. The session provided a better understanding of opportunities for Indian companies for Life Cycle Support for Russian Equipment in India and offered a perspective on co-development of future technology platforms.

Representatives of the Russian delegation expressed their willingness to partner with Indian industry to manufacture main platforms, spares, and components for supporting sustenance of existing Russian equipment in India.

■ India Japan Defence Industry Business Forum


![Image of the seminar with participants and speakers.]

INTERACTIVE SESSION WITH DEFENCE SECRETARY & DG (ACQUISITION):

“DOING BUSINESS IN DEFENCE: CREATING AN ENABLING ECOSYSTEM”

Society of Indian Defence Manufacturers (SIDM) in collaboration with the Ministry of Defence (MoD) organised an interactive session on “Doing Business in Defence: Creating an Enabling Ecosystem” in April 2019 in New Delhi.

Secretary (Defence) and DG (Acquisition), Ministry of Defence along with senior officials from the Department of Defence Production interacted with the Indian defence industry, who turned up in large numbers.

The objective of the Interactive Session was to communicate to the industry, the key policy changes and amendments in the Defence Procurement Procedures amounting to Business Process Re-engineering (BPR) in defence procurement. During the
interaction Industry members made constructive recommendations aimed at improving ease of doing business in defence, creating a level playing field and improving transparency. SIDM compiled these recommendations and submitted them to the MoD.

**NATIONAL SEMINAR ON ‘STARTUPS-CUTTING EDGE FOR TECHNOLOGY INFUSION INTO DEFENCE’**

The Government of India through its flagship ‘Startup India’ Scheme, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.

To add momentum to the government’s initiatives, SIDM in association with CII organised a National Seminar on ‘Startups-Cutting Edge for Technology Infusion into Defence’ in August 2019 in New Delhi. General Bipin Rawat PVSM UYSM AVSM YSM SM VSM ADC, Chief of the Army Staff (COAS) was the Chief Guest at the seminar which brought together startups from all over the country to interact with venture capitalists, government officials and service officers. A number of Startups presented their success stories while the interactive sessions with officers from the ADB and MoD brought out the various challenges which are faced by Startups.

**MODERNISATION AND INDIGENISATION PLANS OF THE INDIAN AIR FORCE**

Rapid strides in technology are radically changing the reach and lethality of air power. IAF needs to acquire a host of platforms and systems to keep pace with changing technologies and boost its operational capabilities.

To get the industry and IAF on a common platform to discuss capital and revenue acquisition, the Indian Air Force (IAF) in collaboration with the Society of Indian defence manufacturers (SIDM) & Confederation of Indian Industry (CII) organised a seminar on Modernisation and Indigenisation Plans of the Indian Air Force in August 2019 in New Delhi. The one-day seminar was spread across four sessions with themes such as Capability Enhancement and Modernisation Plans, Sustenance and Obsolescence Mitigation and Aerospace Materials, and even facilitated an interaction of IAF’s project officers with the industry.
The Hon’ble Raksha Mantri, Shri Rajnath Singh assured the audience that the Government is in the process of issuing orders which will remove various bottlenecks that prevented the private sector from using government test facilities. Air Chief Marshal BS Dhanoa PVSM AVSM YSM VM ADC, invited the industry to join the IAF in indigenising some 122 components together with the Nodal Technology centres (NTC) at various Base Repair Depots (BRD) spread across the country. Raksha Mantri and the Chief of the Air Staff also released a “Compendium of NTC Projects 2018-19” and a document delineating the Indigenisation Requirements of the IAF.

14th INTERNATIONAL CONFERENCE ON ENERGISING INDIAN AEROSPACE INDUSTRY “FLIGHT PLAN FOR THE FUTURE”

The “14th International Conference on Energising Indian Aerospace Industry: Flight Plan for the Future”
CAPACITY BUILDING
CAPACITY BUILDING

Since its inception, SIDM has been committed to enhancing indigenous industry’s capability to make Indian products and services more competitive in the global market. A robust indigenous industry will help the country transition from a net importer to a net exporter of defence equipment. To this end, SIDM conducted a variety of capability building programmes which offer a comprehensive understanding of the rules and procedures governing defence production and acquisition in India.

VENDOR DEVELOPMENT PROGRAMMES

India has a long legacy of defence production, most of which have been championed by Defence Public Sector Units and the Ordnance Factory Board. Over the last few years, private sector companies in the Indian defence manufacturing have grown not just in numbers but also in capability. As per estimates, DPSU already outsource the production of up to 80% of all components and subcomponents to small or medium scale enterprises. To increase participation of private sector vendors (especially MSMEs) in the supply chain of DPSUs and with the view of optimising efficiency, speeding up production and energizing the Indian defence manufacturing sector,
WORKSHOP ON “DOING BUSINESS IN INDIAN DEFENCE SECTOR”

The Confederation of Indian Industry (CII) along with Society of Indian Defence Manufacturers (SiDM) jointly organised a workshop on Defence Procurement Procedures at Visakhapatnam, Andhra Pradesh in June this year. The workshop was aimed at educating participants on doing business in the defence sector of India. During the workshop a comprehensive overview was presented covering the size of defence market in India, the Procurement Process - DPP 2016, categorization of procurement schemes, procurement functions from RFI to contract etc.

21st DEFENCE ACQUISITION MANAGEMENT COURSE (DAMC)

The aerospace and defence sector has been designated as one of the 25 key sectors under the Make in India initiative of Government of India, which is aimed at increasing the contribution of manufacturing to 25% of GDP. The Ministry of Defence has undertaken several policy and procedure reforms during the last four years to galvanise indigenous defence production in the sector. To enable greater participation of Indian Industry in defence manufacturing and to familiarize on several aspects of the procurement process of Defence sector, the Society of Indian Defence Manufacturers (SIDM) in collaboration with Confederation of Indian the Industry (CII) organized the 21st Defence Acquisition Management Course (DAMC) in March 2019 in New Delhi.
The two-day course helps participants understand the defence procurement procedures, the course covered policies related to Defence Industrial License, Defence Exports and FDI, Outsourcing / Vendor development guidelines for DPSUs, OFBs, accessing test facilities of DRDO / DPSUs / DGQA / Army and facilitated discussions on how to respond to RFIs, RFPs and submitting BIDS. 45 Participants from various large scale, MSMEs companies, DPSUs, foreign industry & embassies attended the course. The course was conducted by Rear Admiral Pritam Lal (Retd.), a well-regarded domain expert. Other speakers included Shri Sanjay Jaju, Joint Secretary (DIP), Department of Defence Production, Ministry of Defence, Maj Gen H S Shanbhag, Technical Manager (Land Systems), Ministry of Defence, Dr Hemant Kumar Gupta, Scientist G, Director FTM & TDF, DRDO, Maj Gen AK Channan, SM, Additional Director General, Perspective Planning, Indian Army, Cdr PK Bhattacharya (IN), Officer on Special Duty, Defence Offsets Management Wing (DOMW), Ministry of Defence, Capt S Parthibhan, Directorate of Indigenisation, Indian Navy, Gp Capt Mukesh Sharma, Directorate of Acquisition, Indian Air Force, Cdr SJ Singh, Directorate of Submarine Acquisition, Indian Navy, Mr KC Jha, Additional CEO, Government e-Marketplace (GeM).

DEFENCE AND AEROSPACE CONSULTANCY SERVICE (DACS)

Defence & Aerospace Consultancy Services (DACS) is one of the unique offerings by CII and SIDM to map the competence and capability of the Indian Industry for defence manufacturing. Through this service, CII leverages over two decades of experience in the Defence & Aerospace sector. The vision of DACS is to reduce India’s dependency on imports, transform Indian defence manufacturing by identifying the existing and latent core competencies, enlarge the share of Indian private industry in the defence sector, thereby changing the perception that the Indian industry lacks capability to engage in Aerospace and Defence manufacturing.

SIDM aims to provide the members of the Indian Industry, both existing and new aspirants, that are willing to take the plunge into the defence sector, with a clear and an impartial assessment of their existing capability and advisory on the opportunities available to them in the defence sector. This service is unique as it maps the industry’s core competencies to the customer’s requirements and provides the opportunity for global defence supply chain integrations. The expert team of SIDM and CII assesses company’s capability to manufacture various defence products, both with their existing facilities and incremental additions. The team also offer specialist consultancy & advisory services relating to Defence Procurement Procedure and policies.
INTERNATIONAL COOPERATION
INTERNATIONAL COOPERATION

In line with the government’s vision to expand India’s defence sector by boosting exports, SIDM has been working intensively to expand the industry’s global footprint by engaging with its global counter-part organizations. SIDM has organized seminars, delegations, and interactions with countries having a strong defence market. It is in SIDM’s spirit and endeavors to enhance bilateral defence cooperation between India and its partner countries.

This year, to expand Indian private industry’s portfolio for exports/partnerships, SIDM mounted 5 outbound delegations to Sweden, Israel, France, Russia and South Korea. To boost international defence trade, SIDM regularly facilitates export requests received by the MoD and Indian Missions abroad.

OUTBOUND DELEGATIONS


SIDM mounted a 26-member strong Government – Industry Delegation to Sweden from 06 – 08 May 2019. The Government delegation was led by Mr. Barun Mitra, Additional Secretary (Defence Production), Ministry of Defence. Mr. N. Muruganandam, Principal Secretary, Industries Department and Mr Sanjay Prasad, Secretary, Infrastructure & Industrial Development Department, Government of Uttar Pradesh and Managing Director, UPSIDC represented the Tamil Nadu and Uttar Pradesh Defence Industrial Corridors respectively.

The Industry delegation was led by Cmde. Mukesh Bhargava (Retd.), Vice-President, Submarines and Underwater Platforms, Member of the Board, Larsen and Toubro Defence. The industry representation included Adani Group, Bharat Forge Ltd, Bharat Electronics Ltd, CK Birla Group, Elar Infrastructure, Goa Shipyard, Hindustan Aeronautics Ltd, Trilegal, Tech Mahindra, Amado Tools, Ironbuild, Centauri etc.

The delegation interacted with key officials from the Swedish MoD, including Minister of Defence, Mr Peter Hulqvist and senior executives of prominent Swedish Defence companies during the visit.

FMV, the Procurement Agency of the Swedish Armed forces, hosted the Indian Delegation and made presentations on domestic procurement strategies and methods. The Swedish Minister of Defence, Mr Peter Hulqvist spoke at the seminar and interacted with the delegation.
The Swedish Security and Defence Industry Association (SOFF), hosted the reception where the delegation was apprised of Sweden’s strategic outlook towards Europe and the rest of the world. Cmde. Mukesh Bhargava, on behalf of the Indian defence industry, made a presentation on the ‘Make in India’ initiative and pressed on the need to increase bilateral defence engagement between India and Sweden.

II. Indian MoD – SIBAT – SIDM Business Delegation to Israel, 03 – 06 June 2019, Tel Aviv, Israel

SIDM mounted an Indian MoD-SIBAT (Israeli MoD) delegation to Israel from 03-06 Jun 2019. The MoD Delegation was led by Cdr AK Bansal, DPO, ICE, DDP and accompanied by one officer from the Army (DGMF). Rest of the delegation included 14 members from the Private Industry and 10 officials from DPSUs and 01 from SIDM. The agenda included a one-day seminar (Israel – Indian Cooperation and Opportunities for Global Markets), a B2B session with Israeli Industry, a visit to the Israeli Defence Expo (ISDEF) and a visit to four defence industries’ factory premises. For the B2B session, 16 companies from India (including 5 DPSUs) and 17 companies from Israel took part.

III. SIDM Defence Industry Delegation to Paris Air Show, 17 – 20 June 2019, Paris, France

SIDM led a 17-member delegation to the 2019 Paris Air Show, representing 11 leading Indian companies. The delegation held several meetings with major OEMs to explore business opportunities through offsets or by getting into their supply chain. These OEMs included Dassault, Safran, MBDA, Airbus, Lockheed Martin, Rolls-Royce, Elbit, Israel Aerospace Industries, UVision, Aeronautics, Rafael. The delegation also visited an Airbus Helicopter facility where helicopter blades are manufactured.
IV. SIDM Defence Industry Delegation to IMTF ‘ARMY’, 26 – 27 June 2019, Moscow, Russia

SIDM successfully mounted an Industry delegation to International Military Technical Forum ‘ARMY’ 2019 in Moscow, Russia. The delegation comprised of 11 Industry members from 7 companies and one SIDM Representative. The delegation, not limited to Russian firms, cumulatively held 42 meetings with companies present at ARMY 2019.

During the visit, SIDM organized a seminar together with its French counterpart Groupement des industries françaises aéro-nautiques et spatiales (GIFAS). The French Ambassador to India His Excellency Mr Alexandre Ziegler addressing the seminar said that France is very keen on working with the new government in India to deepen the industrial relations in defence as well as civilian aerospace sectors. France is India’s oldest strategic partner and a significant one for defence and aerospace equipment, "not just as a supplier but as a true partner!", he said. Almost 60 French aeronautical companies have already set up physical offices or facilities in India and 15 GIFAS member groups and companies have set up industrial sites in India or have opened sales offices since GIFAS led an outward mission to India in April 2018 to strengthen Indo-French aerospace cooperation.
V. SIDM Defence Industry Delegation to The Republic of Korea, 06 September 2019, Seoul

SIDM mounted a strong 18-member delegation to the Republic of Korea, coinciding with the visit of Shri Rajnath Singh, Hon’ble Defence Minister of India on 6th September 2019.

The delegation was led and co-lead by Mr. Jayant Patil, Vice President, SIDM and Whole-Time Director (Defence, L&T-Nxt) & Member of the Board, Larsen and Toubro and Mr Rajinder Bhatia, Member, SIDM and President and CEO – Defence, Bharat Forge respectively.

The delegation members attended an Interactive Session with CEOs of both the countries. They also joined and attended the India-Korea CEOs forum addressed by Shri Rajnath Singh, Hon’ble Defence Minister of India and Mr. Jung-Hong Wang, Minister, DAPA. During the visit, SIDM signed an MoU with the Korean Defence Industries Association (KDIA).

INBOUND DELEGATIONS

I. Indian – Norwegian Partnership Seminar on Defence and Space Technology and Industrial Cooperation, New Delhi, 7 January 2019

Coinciding with the visit of the Hon’ble Prime Minister of Norway, Innovation Norway in association with Society of Indian Defence Manufacturers (SIDM), Confederation of society of Indian defence manufacturers (SIDM) & Confed Indian Industry (CII), Norwegian Defence and Security Industries Association (FSi) and
Norwegian Industrial Forum for Space Activities (NIFRO) supported by The Royal Norwegian Embassy and The Royal Norwegian Ministry of Defence, organised the Indian – Norwegian Partnership Seminar on Defence and Space Technology and Industrial Cooperation on 7 January 2019 at The Oberoi, Dr. Zakir Hussain Marg, New Delhi.

II. Interaction with South African Defence Delegation, 16 July 2019, New Delhi

A South African Defence delegation, supported by The High Commission of South Africa, interacted with select Indian companies to look for prospective JV/partnerships to cater to Indian as well as African demands. 4 companies from the South African side and 4 companies from the Indian side were present.

EXPORT FACILITATION

SIDM continued with its efforts to boost exports and connect industry with the global market by circulating inputs as received from the MoD. From March to July, SIDM circulated export and JV/partnership requests from Bangladesh, Uzbekistan, Zambia, Ukraine, South Africa, UK, Philippines, and Tanzania for items ranging for Mine Protected vehicles to explosives and ammunition to the industry. The interest gathered from industry for each request was accordingly shared with the MoD.

As a case in point, SIDM has been spearheading the India-Japan Joint Study Group to identify areas of mutual interest for Defence Cooperation.

During the interaction of Commissioner, ATLA with Secy (DP) in November 2018, it was decided to first identify items of mutual use; study policy of both governments and from the consequent report, changes in policy were to be made to boost bilateral defence trade between India and Japan. To achieve this, the Industry associations from both sides are in the process of identifying items of mutual use. SIDM represents Indian defence industry while JADI, SJAC & SAJ represent the Japanese side.
MEMBERSHIP OVERVIEW

As an industry association, the membership is SIDM’s biggest strength. All activities are conducted in consideration of the needs of our membership and the industry at large. The various policy advocacy initiatives, events and capability building exercises are in service of the members and our efforts have borne fruit. The overall membership has grown from 195 during the previous AGM to 239 at the end of August 2019. The figures hereunder provide a comprehensive overview of our membership.

Figure 1: SIDM Membership Classified by Category

Figure 2: SIDM Membership Classified by Scale of Operations
SIDM MEMBERSHIP GROWTH

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<th>Year</th>
<th>Membership Strength</th>
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<td>2017</td>
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<td>2018</td>
<td>239</td>
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MEMBERSHIP STRENGTH
SIDM MEMBERS

1. Acculytics Chemicals Pvt Ltd
2. Accurate Industrial Controls Pvt Ltd
3. Acoustics India Pvt Ltd
4. Adani Defence Systems & Technologies Ltd
5. Advance Paints Pvt Ltd
6. Aero Fasteners Pvt Ltd
7. Aeronov Industrial Safety Appliances
8. Aerospace Engineers Pvt Ltd
9. Airbus Group India Pvt Ltd
10. Alkraft Thermo Technologies Pvt Ltd
11. Alpha Design Technologies Pvt Ltd
12. Alpha-Elsec Defence & Aerospace Systems Pvt Ltd
13. Altec Fabricators
14. Ampson Engineering Pvt Ltd
15. Amravathi Textiles
16. Anant Industries
17. Ananth Technologies Ltd
18. Andhra Electronics Ltd
19. Andhra Pradesh Aerospace & Defence Electronics Park Pvt Ltd
20. Antares International Pvt Ltd
21. Apollo Micro Systems Ltd
22. Applied Systems
23. Argus Embedded Systems Pvt Ltd
24. Arieckal Industries
25. Aryan Exporters Pvt Ltd
26. Asha Industries
27. Ashok Leyland Ltd
28. Ashoka Manufacturing Ltd
29. AutoTEC Systems Pvt Ltd
30. Avia Prom Solutions Pvt Ltd
31. Aviatech Enterprises Pvt Ltd
32. B.P. Engineering Pvt Ltd
33. Baby Engineering Pvt Ltd
34. BAE Systems India (Services) Pvt Ltd
35. Best Koki Automotive Pvt Ltd
36. Bharat Electronics Ltd
37. Bharat Explosives Ltd
38. Bharat Forge Ltd
39. Bhukhanwala Industries Pvt Ltd
40. Bindal Silk Mills Pvt Ltd
41. Biz-Tech Consultants Pvt Ltd
42. BMN Alloy Steels (P) Ltd
43. BSS Material Ltd
44. Calcutta Fabricators
45. Cams (India) Pvt Ltd
46. Captronic Systems Pvt Ltd
47. CODISSIA (The Coimbatore District Small Industries Association
48. Concorde Helmet & Safety Products Pvt Ltd
49. Confederation of Indian Industry
50. Continental Carriers Pvt Ltd
51. Cyient DLM Pvt Ltd
52. Dali Electronics
53. Dassault Aircraft Services India Pvt Ltd
54. Deccan Enterprises Ltd
55. Deccan Hydraulics Pvt Ltd
56. Defsys Solutions Pvt Ltd
57. Deloitte Touche Tohmatsu India LLP (DTTILLP)
58. DUCOM
59. Dynalog (India) Ltd
60. Dynamatic Technologies Ltd
61. Echaar Equipments Pvt Ltd
62. Elcome Integrated Systems Pvt Ltd
63. Elcomponics Aerob Technologies India Pvt Ltd
64. Electronics Devices Worldwide Pvt Ltd
65. ELICO Ltd
66. Enable Technologies Pvt Ltd
67. Entremonde Polycoaters Ltd
68. Essar Steel India Ltd
69. Farm Implements (India) Pvt Ltd
70. FCTecNrgy Pvt Ltd
71. Flash Forge Pvt Ltd
72. Futura Automation Pvt Ltd
73. Garg Associates Pvt Ltd
74. Geeta Engineering Works Pvt Ltd
75. Genau Extrusions Ltd
76. Geomarine Dynamic (I) Pvt Ltd
77. Global Engineers Ltd
78. GMR Hyderabad Aviation SEZ Ltd
79. Godrej & Boyce Mfg. Co. Ltd
80. Gopalan Aerospace India Pvt Ltd
81. Gupta Metal Industries
82. Hicotronics Devices Pvt Ltd
83. Hindalco Industries Ltd
84. HMTD Engineering Pvt Ltd
85. HRKSONS
86. Hyderabad Precision Mfg Co Pvt Ltd
87. Hyper Stealth Technologies Pvt Ltd
88. Indelox Technologies Pvt Ltd
89. Indian Institute of Technology - Ropar
90. Indian Machine Tool Manufacturers' Association (IMTMA)
91. Indocool Composites Pvt Ltd
92. Indo-MIM Pvt Ltd
93. Industrial Electronics & Instruments
94. Innovation Communications Systems Ltd
95. International Marketing Corporation
96. Investment & Precision Castings Ltd
97. Israel Aerospace Industries Ltd
98. J K Fenner (India) Ltd
99. J Sagar Associates
100. Jaidarshan Indocraft Pvt Ltd
101. Jayasuriya Aero Pvt Ltd
102. JMV LPS Ltd
103. Jupiter Extrusion Techniks
104. Jupiter Integrated Sensor Systems Pvt Ltd
105. JV Micronics
106. Katlax Enterprises Pvt Ltd
107. Kirloskar Pneumatic Company Ltd
108. Kisco Castings Pvt Ltd
109. Knott Vortex India Pvt Ltd
110. Kotkar Energy Dynamics Pvt Ltd
111. Krasny Defence Technologies Pvt Ltd
112. L G Balakrishnan & Bros Ltd
113. L-3 Communications India Pvt Ltd
114. Lakshmi Machine Works Ltd
115. Larsen & Toubro Ltd
116. Leomet Alloys
117. Lepton Software Export & Research Pvt Ltd
118. Lockheed Martin India Pvt Ltd
119. Loya Pre Engineered Buildings Pvt Ltd
120. Lucas-TVS Ltd
121. Magod Laser Machining Pvt Ltd
122. Mahaveer Enterprises
123. Mahindra & Mahindra Ltd
124. Mak Controls & Systems Pvt Ltd
125. Maple Software Pvt Ltd
126. Maruthi Poly Bags (P) Ltd
127. Max Aerospace & Aviation Ltd
128. Medequip Services
129. Mercure Metals And Alloys Pvt Ltd
130. Merlinkhawk Aerospace Pvt Ltd
131. Metallic Bellows (India) Pvt Ltd
132. Microfine Bushings Pvt Ltd
133. Micron Instruments Pvt Ltd
134. Microsign Products
135. Micro-Tech CNC Pvt Ltd
136. Miracle Electronic Devices Pvt Ltd
137. MKU Ltd
138. MRO Tek Realty Ltd
139. MSA-Global Opto Electronics Pvt Ltd
140. Mtandt Ltd
141. Nammo India Pvt Ltd
142. Nandan Ground Support Equipment Pvt Ltd
143. Narendra Explosives Ltd
144. Narhari Engineering Works
145. Nash Industries (I) Pvt Ltd
146. NimbusParc TechnoLab Pvt Ltd
147. Nivo Controls Pvt Ltd
148. Niyantara Technologies Pvt Ltd
149. NMF Equipments & Plants Pvt Ltd
150. NTF India Pvt Ltd
151. Nucon Aerospace Pvt Ltd
152. Nutek Engineers
153. Optimized Electrotech Pvt Ltd
154. Oriental Weaving & Processing Mills Pvt Ltd
155. Oscar Equipments Pvt Ltd
156. Pahwa MetalTech Pvt Ltd
157. Pan India Consultants Pvt Ltd
158. Paramanhansa Technologies Ltd
159. Patange Industries Pvt Ltd
160. Penta Shield Technologies Pvt Ltd
161. Precihole Machine Tools Pvt Ltd
162. Precision Electronics Ltd
163. Premier Explosives Ltd
164. Pricol Engineering Industries
165. Productive Tool Engineers
166. PTC Industries Ltd
167. Punj Corporation Pvt Ltd
168. Rachamallu Forgings Pvt Ltd
169. Radnik Auto Exports
170. Ramkrishna Forgings Ltd
171. Rane Holdings Ltd
172. Rank Hydraulics
173. Reliable Autotech Pvt Ltd
174. Reliance Defence Ltd
175. Renewable Energy Systems Ltd
176. Resistoflex Pvt Ltd
177. Ripple Technologies
178. Rohde & Schwarz India Pvt Ltd
179. Rotex Automation Ltd
180. Runflat Tire Systems
181. S D Fine-Chem Ltd
182. S.P. General Engineering
183. SAAB India Technologies Pvt Ltd
184. Saankhya Labs Pvt Ltd
185. Sahuwala High Pressure Cylinders (P) Ltd
186. Sai Pranav Industries
187. Saicchem Coatings Pvt Ltd
188. Samtel Avionics Ltd
189. Samvardhana Motherson Adsys Tech Ltd
190. Sandeep Metalcraft Pvt Ltd
191. SARR Freights Corporation
192. Sepson India Pvt Ltd
193. Sertel Electronics Pvt Ltd
194. Shakthi Tech Manufacturing India Pvt Ltd
195. Shanthi Gears Ltd
196. Shree Engineers
197. Siddhi Engineers
198. Sidwal Refrigeration Industries Pvt Ltd
199. Sika Interplant Systems Ltd
200. Silverline Metal Engineering Pvt Ltd
201. Simco Engineering Ltd
202. SLN Technologies Pvt Ltd
203. Smart Creations
204. SMPP Pvt Ltd
205. Sneh Engineering Works
206. SOLIZE India Technologies Private Limited
   (Formerly CSM Software Private Limited)
207. Sree Sai Aerotech Innovations Pvt Ltd
208. Sri Kaliswari Metal Powders Pvt Ltd
209. Star Wire India Ltd
210. Steelcast Ltd
211. Stumpp Schuele & Somappa Springs Pvt Ltd
212. Subram Technologies Pvt Ltd
213. Surana & Surana International Attorneys
214. Symtronics Automation Pvt Ltd
215. System Controls Technology Solutions Pvt Ltd
216. Tata Advanced Systems Ltd
217. Technos Prazise Engineering Pvt Ltd
218. Theta Controls
219. Thirumala Precicast Pvt Ltd
220. TIL Ltd
221. Timetooth Technologies Pvt Ltd
222. Transvahan Technologies India Pvt Ltd
223. TRILEGAL
224. TTGA Pvt Ltd
225. Turbocam India Pvt Ltd
226. Ultimate Alloys Pvt Ltd
227. Unimech Aerospace & Manufacturing Pvt Ltd
228. Universal Precision Screws
229. Uttar Pradesh Expressways Industrial Development Authority
230. Vardhman Special Steels Ltd
231. Varsity Instruments Pvt Ltd
232. Veer O Metals Pvt Ltd
233. VEM Technologies Pvt Ltd
234. Verdant Telemetry & Antenna Systems Pvt Ltd
235. VG Defence Systems Pvt Ltd
236. Vihaan Networks Ltd
237. Viraj Syntex Pvt Ltd
238. Zen Technologies Ltd
239. Zeus Numerix Pvt Ltd