



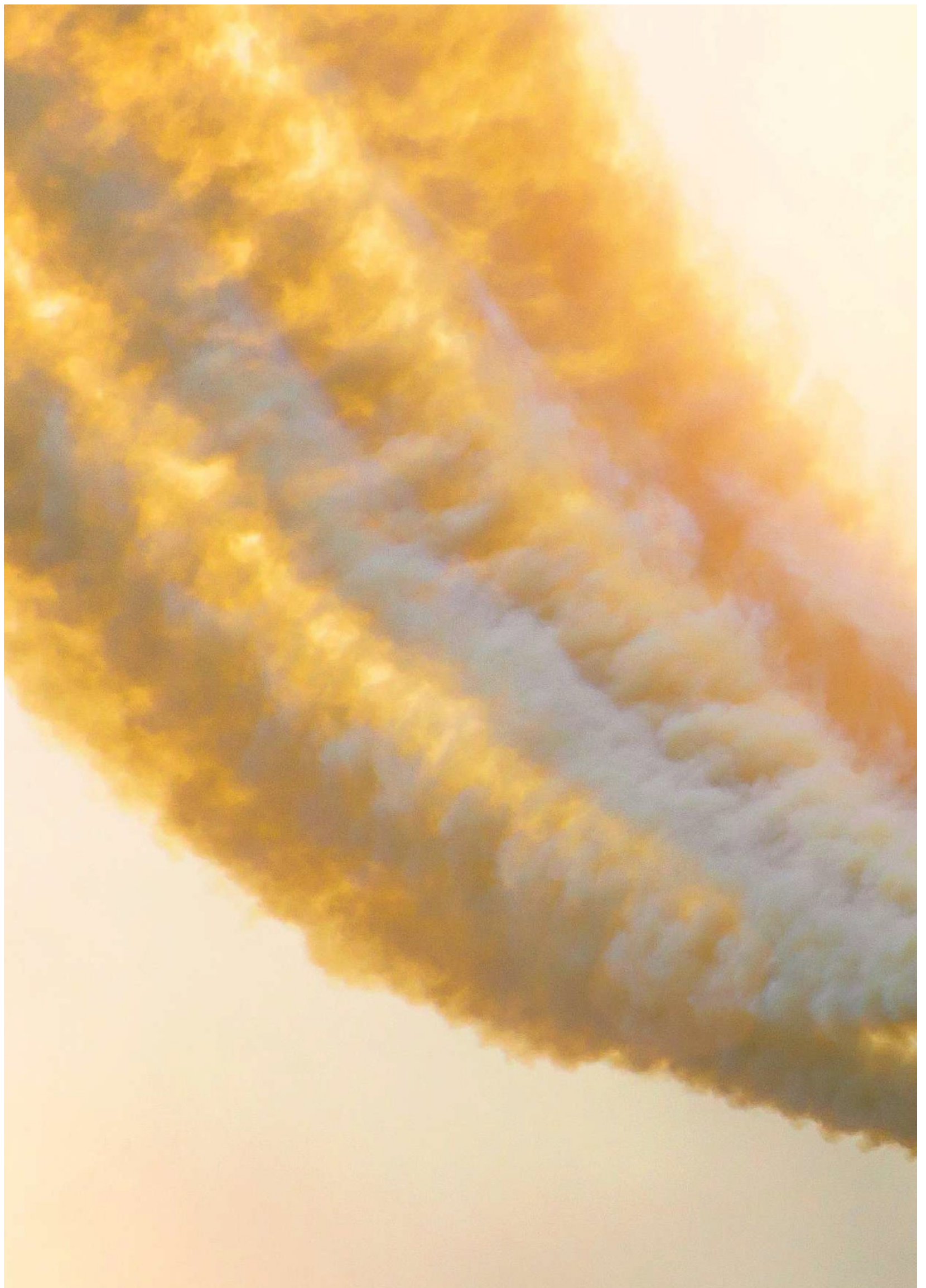
# Collaborative partnership between India and Malaysia in aerospace and defence



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# Foreword - SIDM

Since the announcement of the Make in India Vision by the Hon'ble Prime Minister Shri Narendra Modi in 2014, a renewed zeal and optimism has spread across the private sector. Besides the existing players creating a series of success stories in Make-in-India, many new entrants have entered the sector to be part of India's defence manufacturing ecosystem. In the last few years, the Indian industry has grown leaps and bounds in capabilities and track record in indigenous manufacturing exploiting inhouse innovations as well as strategic partnerships through collaboration with foreign OEMs of choice. A very significant growth multiplier over the past five years is visible in the defence exports arena.

The Industry is further energized with the 'Atmanirbhar Bharat Abhiyan' along with the recent easing of FDI regulations in the defence sector, as a strategic direction to future. With proactive and industry friendly policies (DPEPP) and procedures (DAP), tax incentivisation (lower tax rates for new manufacturing companies), enhancement of FDI limits under automatic route, labour reforms and reform in company Law in quick succession, promoting acquisition of indigenous defence goods by prioritizing Indigenous offerings, bringing in export focus and handholding mechanisms, all in place and having articulated a target of achieving a USD25 billion defence industry by 2025, India is has provided the required impetus not only to indigenise its own market but also significantly contribute towards the growth of its share in the global defence market.

India-Malaysia defence relations have steadily grown over the years where both sides have shown interest in expanding bilateral defence trade. In the process some success stories have been created in Defence equipment supplies from Indian Industry to Malaysian shipyards. Indian Shipbuilding Industry has made big strides in design and building potent platforms and equipment and systems. Malaysia has a clear focus in this sector to develop indigenous Shipbuilding Industry. Thus, collaboration between Indian and Malaysian Shipyards and eco-system has a potential to deliver a unique value especially under the regional geopolitical positioning. Both sides have sent high-level delegations to their respective biennial defence exhibitions which has seen India offer the Tejas to the Royal Malaysian Air Force.

Today, with the ability of the Indian industry to pursue frugal innovation, track record in development and production of differentiated products, coupled with closer bilateral ties, both countries and its Industries have great potential to take this partnership to a much higher level.



**Jayant Patil**  
President SIDM

# Foreword - KPMG in India

With the development of indigenous platforms and capabilities at par with global requirements, India's defence production has been growing steadily in recent years with the total output pegged at INR80,558 crore (USD10.7 billion) for FY19. Defence exports from India have also grown exponentially in the last five years due to the abundant availability of technical talent as well as the cost arbitrage afforded by manufacturing in India. Total defence exports have registered almost 600 per cent growth from INR1,521 crore (USD0.2 billion) in FY17 to INR10,745 crore (USD1.4 billion) in FY19 with significant contribution by more than 50 private sector companies. This unique amalgamation, combined with the favourable policy environment, has enabled Indian defence manufacturing to emerge as a preferred manufacturing and sourcing hub globally.

While highlighting the current capabilities of Indian defence manufacturers, this knowledge paper is an endeavour to delve into future opportunities for collaboration between Indian and Malaysian defence manufacturers. The paper also gives insights to the Malaysian defence industry to further understand the nuances in the Indian aerospace and defence ecosystem. The paper will assist the industry in identifying systems and subsystems that can be sourced from India and can be integrated in platforms for their global customers.

KPMG in India is well placed to support collaboration opportunities between Indian and Malaysian defence companies exploring the avenues highlighted in this document. We would like to congratulate and thank SIDM and CII for conducting this digital event and hope that the webinar creates a marked impact and brings about increased collaboration between the two countries in this sector.



**Abhishek Verma**

Partner - Aerospace and defence KPMG in India



# 1. Overview of Aerospace & Defence in India

The aerospace and defence manufacturing in India involves three major stakeholders who are the representative of various aspects of governance, regulations and manufacturing.

## 1.1. Ministry of Defence

The Ministry of Defence (MoD) regulates the defence forces as well as the defence manufacturing in the country. It represents the Government of India (GoI), provides the policy framework and wherewithal to the armed forces. It consists of four departments under it which are as following.

### 1.1.1 Department of Defence(DoD)

The DoD deals with the three services i.e. Army, Air Force, Navy and Coast Guard. It also deals with inter-services organisations. It is responsible for the defence budget, establishment matters, defence policy, matters relating to parliament, defence cooperation with foreign countries, and coordination of all related activities.

### 1.1.2 Department of Defence Production (DDP)

The DDP was set up with the objective of developing a comprehensive production infrastructure to produce the weapons, systems, platforms, equipment required for defence in 1962. All the public sector entities which include all DPSUs and all Ordnance Factories fall under the purview of DDP.

### 1.1.3 Department of Ex-Servicemen Welfare (DESW)

The DESW deals with all resettlement, welfare and pensionary matters of Ex-Servicemen.

### 1.1.4 Defence Research and Development Organization (DRDO)

DRDO is the nodal agency of the Government of India charged with military's research and development with a network of 52 laboratories across the country engaged in R&D, testing and development of defence technologies.

### 1.1.5 Department of Military Affairs(DMA)

This department is headed by the Chief of Defence Staff as its ex-officio secretary and deals with the Integrated Headquarters of the MoD, the Territorial Army between different wings of the armed forces.

## 1.2. Public Sector Undertakings

The Department of Defence Production controls the Ordnance Factory Board (OFB) and Defence Public Sector Undertakings (DPSUs), which are government owned enterprises.

The products manufactured by these DPSUs and the OFB include arms and ammunition, tanks, armoured vehicles, heavy vehicles, fighter aircraft and helicopters, warships, submarines, missiles, ammunition, electronic equipment, earth moving equipment, special alloys and special purpose steels.

The overall production value of defence equipment in FY19 by DPSUs and OFB (including their JVs) was INR63,208 crore (USD8.4 billion). The public sector companies account for approximately 60-70 per cent of the overall defence production in the country<sup>1</sup>.

There are the nine DPSUs across different segments of shipbuilding, aeronautics and electronics and along with the OFB, that consists of 41 Ordnance Factories, they are engaged in production, testing, logistics, research and development of equipment.



1. Defence Production, DDP Dashboard, MoD (GoI), 2020

### 1.3 Private Sector Units

The private sector in the Indian defence sector comprises of the three major set of players in defence manufacturing across different capability levels.

#### 1.3.1 Micro, Small and Medium Enterprises (MSMEs)

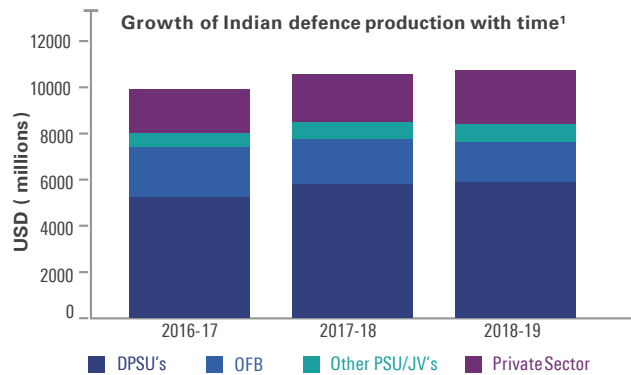
India currently has over 8000 Micro, Small and Medium Enterprises (MSMEs) vendors involved in defence production<sup>2</sup>. They form a major part of the Tier-2 and Tier-3 suppliers to the global OEMs and the Indian primes. The MoD has taken steps to establish 16,000 MSMEs in the sector by 2025. The total defence production has been steadily growing in India in recent years.

#### 1.3.2 Large Indian Tier-1s

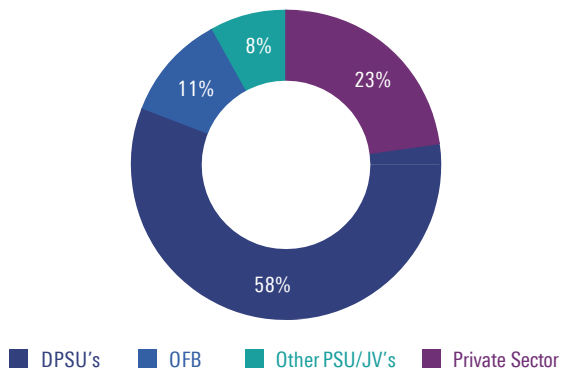
The leading Indian conglomerates who are majorly Tier-1 suppliers of the global OEMs have started developing capabilities in defence manufacturing and are eyeing on a pie from the upcoming defence contracts.

#### 1.3.3 Global OEMs and Tier-1 companies

All the leading Original Equipment Manufacturers (OEMs) and the Tier-1 suppliers have their presence by having their manufacturing bases in India. Further, foreign companies are keen to partner with Indian firms and include them into global supply chain.



Share of Total defence production FY2019-20<sup>1</sup>



2. Press Information Bureau, MoD (GoI), September 2019



## 2. Defence Policies

Gol has come out with several policy changes and reforms to standardise procurement process and develop a robust ecosystem in India. Some of the key policies are highlighted in this section

### 2.1 Defence Acquisition Procedure (DAP)2020

The Defence Acquisition Procedure is the central document that enlists the processes and procedures involved for the capital acquisition in defence. The draft DAP 2020, released in March 2020 which was further amended in July 2020 brings in several changes for ensuring better and standard acquisition of platforms and equipment for defence. The changes are enlisted under the below sub-headings.

#### 2.1.1 Capital Acquisition

The chapter on capital acquisitions in draft DAP 2020 deals with the categories under which capital can be spent for acquiring a defence platforms/equipments/systems in India. In the latest draft, two new sub-categories have been added, namely - 'Buy (Global manufacture in India)' under the 'Buy' category and 'Make-III' under the 'Make' category. Further, two new categories for buying Indian manufactured platforms have been added, namely, through 'Leasing' and 'D&D/Innovation'.

The given table summarizes the changes made under these categories.

Category/ Sub-category	Proposed requirement in the draft DAP 2020
<b>Buy (Global- Manufacture in India)</b>	<ul style="list-style-type: none"> <li>• A new sub-category has been introduced under the 'Buy' category viz. Buy (Global-Manufacture in India) wherein the outright purchase of equipment shall be made from a foreign vendor.</li> <li>• It imposes the obligation of a minimum 50% Indigenous Content (IC) on a cost basis of the total contract value, which can be achieved through its subsidiary in India.</li> <li>• IC can be achieved through the manufacturing of the entire equipment or spares/assemblies/subassemblies/maintenance, repair and overhaul (MRO) facility for the entire life cycle support of the equipment.</li> </ul>
<b>Lease (Indian) Lease (Global)</b>	<ul style="list-style-type: none"> <li>• New category of leasing has been introduced wherein acquisition can be made under two sub-categories - Lease (Indian) and Lease (Global).</li> <li>• It is applicable in case where procurement is not feasible due to time constraint, or the asset/capability is needed for a specific time or smaller quantities. It would also be applicable in cases where service life lease rentals are a better option compared to a one-time acquisition cost.</li> <li>• This process will:               <ul style="list-style-type: none"> <li>– obviate the delays in procurement of equipment</li> <li>– address the budget constraints for capital procurements</li> <li>– help to gain experience for operational exploitation of equipments.</li> </ul> </li> </ul>
<b>Design and Development (D&amp;D)/ Innovation</b>	<ul style="list-style-type: none"> <li>• This category has been added to give boost to indigenous manufacturing and R&amp;D in defence sector. Acquisitions under this category refer to systems, platforms and upgrades to be designed, developed and manufactured by Indian vendors.</li> <li>• Creating an ecosystem to foster innovation &amp; tech in A&amp;D sector by engaging entrepreneurs, startups, MSMEs through iDex.</li> <li>• To promote out-of-the-box thinking by encouraging innovators on solving defence problem statements.</li> </ul>





### 2.1.2. Offset guidelines

There has been significant change in the offset guidelines. The key pointers to note with regards to the off-set guidelines are:

- Removal of offset banking as not many OEMs were opting for this avenue
- Deletion of avenues of discharge for “investment in kind” through non-equity route.
- Offset discharge partially through a Tier-1 sub vendor on case-to-case basis has been permitted.
- Redefinition of the multipliers
- The list of eligible products has been refined as per India’s developmental needs.

### 2.1.3. Other changes in the DAP2020

Apart from the changes mentioned under the above headings, there are other changes, though minute, that must be looked in the overarching structure of the DAP 2020.

- **Definition of Indian vendor**

Indian vendor can be a company incorporated as per Companies Act 2013, a partnership firm, proprietorship or other type of ownership models including societies with ownership and control by resident Indian citizen(s). However, for the purpose of industrial license, additional guidelines and requirements as stipulated by the Department for Promotion of Industry and Internal Trade (DPIIT) must be adhered to.

- **Price Valuation Clauses (PVC)**

PVC has been introduced for procurement (> INR1000 crore) and delivery period (> 60 months). It also addresses the price variations concerns due to fluctuations in exchange rate, inflation etc. over a period of 5 years for the OEMs.

- **Annual Acquisition Plan (AAP)**

Annual Acquisition Plan (AAP) will now be a 02-year annual plan and having three sections which will be approved by the Chief of Defence Staff (CDS).

- **Post contract management**

The chapter defines the procedures to be adhered for post-contract management, clarifying the decision-making matrix to bidder.

- **Additional category in Make-in-India**

The new category Make-III (Indigenously manufactured) would encompass subsystems, assemblies, materials, etc., which although not designed/developed indigenously, are being manufactured in India towards import substitution for product support.

- **Acceptance Testing Procedure (ATP)**

Clarity on quality assurance and ATP will be prepared by the user with vendor consultation during technical trials. Third party inspection has been permitted for acceptance, in accordance with the laid down ATP in the RFP.

- **Committee for Service Quality Requirements (SQR)**

A committee for defining SQRs has been proposed for Service HQs, with members from all stakeholders.

- **Shipbuilding**

The chapter has been elaborated to cover acquisitions of naval warships of indigenous designs by the Navy to be constructed by DPSU/private shipyards. A separate sub chapter has also been created to deal with the meet the demand for ship repair.

- **Provision for miscellaneous issues**

Provision has been made for the incorporation of artificial intelligence, subject matter experts, indigenous materials, indigenous software among others to develop for future needs.



## 2.2. Defence Production and Export Promotion Policy (DPEPP)

To position India amongst the leading countries in A&D sectors, the Ministry of Defence (MoD) has formulated the draft **Defence Production and Export Promotion Policy (DPEPP) 2020**<sup>3</sup> as an overarching guiding document of MoD to provide a focused, structured and significant thrust to defence production capabilities of the country for self-reliance and exports. It aims to accomplish the following.

- **Achieve** a turnover of INR1,75,000 crore (USD23 billion) including export of INR35,000 crore (USD 4.6 billion) in A&D goods and services by 2025.
- **Develop** a dynamic, robust and competitive defence industry, including aerospace and naval shipbuilding industry to cater to the needs of armed forces with quality products.
- **Reduce** dependence on imports and take forward “Make in India” initiatives through domestic design and development.
- **Promote** export of defence products and become part of the global defence value chains.
- **Create** an environment that encourages R&D, rewards innovation, creates Indian IP ownership and promotes a robust and self-reliant defence industry.

The different reforms taken under the DPEPP to realise the above-mentioned capabilities are across different segments and categories. They are mentioned as follows:

### 2.2.1. Procurement reforms

- Setting up of a Project Management Unit (PMU), with representation from the services, to support the acquisition process and facilitate management of the contracts.
- Creation of a Technology Assessment Cell (TAC), with representation from the services to design, develop and produce the systems projected in the Long Term Integrated Perspective Plan (LTIPP). In addition, the TAC would carry out the scan of regional and global technological capacities and would also render advice to the services while formulating Staff Qualitative Requirements (SQRs).
- Review and overhaul of the trials would be done to reduce the procurement cycle time of indigenously developed products/systems.

### 2.2.2. Indigenisation and support to MSMEs/Start-ups

- Development of an indigenisation portal for DP-SUs/OFB/Tri-Services with an industry interface to provide development support to MSMEs/start-

ups/industry for import substitution.

- Defence Investor Cell (DICs) will provide hand-holding to MSMEs, investors and vendors in defence production for resolving issues with central, state and other authorities.
- Services will hand-hold the industry through continuous interactions, sharing of information and arranging visits to repair establishments/field depots for better understanding/appreciation of the requirements.

### 2.2.3. Optimise resource allocation reforms

- Carve out of a distinct budget head for domestic capital procurement and to have an enhanced allocation at the rate of minimum 15 per cent per annum for the next 05 years.
- OFB/DPSUs will be mandated to increase productivity, enhance quality, reduce costs and ensure timely execution of orders by optimizing inventory management, greater vendor outsourcing at all levels, improving skill levels and overall project management.

### 2.2.4. Investment promotion, FDI and Ease of Doing Business (EoDB)

- Investment promotion would be done in aviation and strengthening defence ecosystem by identifying existing gaps and by offering high multipliers through offsets obligations.
- Efforts would be made to attract FDI through Invest India, DIC and licensing process for defence industries would continue to be eased in a time bound manner.
- Reform of the productionisation process to cut down the ‘lab to lines’ time conversion of prototypes into commercially useful products, by roping in production partners at early Technology Readiness Levels (TRLs).



3. Press Information Bureau, MoD (GoI), August 2020



### 2.2.5. Innovation

- Effort would be scaled up for promoting creation of IPs and filing of greater number of patents through the previously launched Mission Raksha Gyan Shakti.
- iDEX would be scaled up to engage with 300 more startups and developing 60 new technologies/products during the next five years, and their procurement under Make-II route of DAP.
- Reforms to be made in the offset policy to encourage defence investments and acquisition of critical technologies through higher multipliers.

### 2.2.6. DPSUs/OFBs

- Efforts to be made for positioning the DPSUs as system integrators and create a multi-tier domestic supply chain.
- OFB/DPSUs will be mandated to maximize outsourcing from indigenous sources.
- Encouraged to move towards “Industry 4.0” by using innovative strategies and tools like digital threading to include Internet of Things (IoT), timestamping by the use of block-chain technology, Artificial Intelligence (AI) etc.

### 2.2.7. Quality assurance (QA) and testing infrastructure

- Quality assurance process and delivery would be rationalised and monitored by developing an IT platform with an industry interface.
- Accredited third-party inspection bodies will be promoted to augment the resources of Director

General Quality Assurance (DGAQA) by outsourcing certain QA functions throughout the value chain.

- ‘Zero DefectZero Effect’ is being encouraged for quality consciousness of the MSMEs assisting them to adopt self-certification route through a facilitated process.
- Efforts to be made to streamline the airworthiness assurance functions of Center for Military Airworthiness and certification (CEMILAC) and strengthen its operations.
- Creation of testing infrastructure through Defence Testing Infrastructure Scheme (DTIS) by aiding the industry to set up common testing facilities.

### 2.2.8. Export Promotion

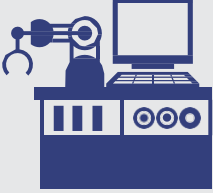


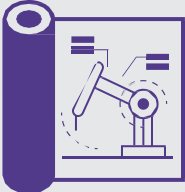
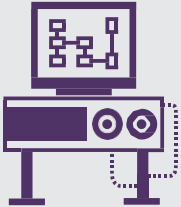

- Defence Attachés (DAs) have been mandated to promote export of indigenous defence equipment abroad.
- Export promotion cell to be set up to promote defence exports would be further strengthened.
- DPSUs/OFBs to have at least 25 per cent of their revenue from exports including success fee earned as targeted by 2025.
- DDP would facilitate on boarding of Indian Offset Partners (IOPs) in the discharge of offset obligations by OEMs.
- Def Expo and Aero India will be positioned to showcase defence manufacturing capabilities and encourage exports.





### 2.3. Recent Reforms by the MoD

In the wake of the COVID-19 crisis, several measures were announced by the Finance Minister, to boost the defence manufacturing in India. These reforms have been listed under.

	<p><b>FDI limit in defence manufacturing under automatic route raised from 49% to 74%<sup>4</sup></b></p> <ul style="list-style-type: none"> <li>• Addresses the primary concern of global OEMs on control to protect IP and technology.</li> <li>• Automatic approval route could ensure minimal procedural delays.</li> <li>• Foreign investment in the sector is subject to security clearance by the Ministry of Home Affairs and as per guidelines of the Ministry of Defence.</li> <li>• Expected to result in enhanced FDI from foreign OEMs especially from key defence manufacturing hubs.</li> </ul>
	<p><b>Reforms to encourage greater private participation in the space sector</b></p> <ul style="list-style-type: none"> <li>• Govt will provide level-playing field to private companies in satellites, launches and space-based services.</li> <li>• Private entities can use facilities owned by ISRO and its relevant assets.</li> <li>• Govt will also roll-out a liberal geospatial data policy for providing remote-sensing data to technology start-ups.</li> <li>• Provides boost to Indian space entrepreneurs and enterprises working to leverage geospatial and remote sensing data for space exploration.</li> </ul>
	<p><b>New policy for Public Sector Enterprises (PSEs) and Corporatisation of Ordnance Factory Board (OFB)</b></p> <ul style="list-style-type: none"> <li>• All sectors, including strategic ones open for private sector. In strategic sectors such as defence, at least one and up to four PSEs allowed.</li> <li>• Professional management in ordnance factories will reduce slag, improve quality of products, timely delivery and enhanced accountability.</li> </ul>
	<p><b>Protect domestic industry by disallowing global tenders for contracts up to USD27 million (INR200 crore)</b></p> <ul style="list-style-type: none"> <li>• Emphasis on indigenisation of imported spares - separate budget to be allocated for domestic cap procurement.</li> <li>• Procurements of value of up to INR200 crore (approximately USD27 million) to be reserved for domestic industry.</li> </ul>
	<p><b>Time bound defence procurement through a Program Management Unit, realistic GSQRs and rationalised trial and testing procedures</b></p> <ul style="list-style-type: none"> <li>• MoD is sensitive to the inordinate delays in procurement and need for procedural overhaul.</li> <li>• Reforms in procurement processes are expected to significantly improve business confidence for both Indian and foreign OEMs.</li> </ul>
	<p><b>Make India a global hub for MRO for defence and civil aircraft by rationalising tax regime and associated ecosystem</b></p> <ul style="list-style-type: none"> <li>• Major engine manufacturers expected to set up engine maintenance facilities in India.</li> <li>• Aircraft component repairs and airframe maintenance could increase from USD100 million to ~ USD300 million in three years<sup>5</sup>.</li> </ul>

4. Press Information Bureau/Highlights of Finance Minister's Stimulus Package – IV, Ministry of finance, May 2020

5. Govt plans to make India global hub for aircraft maintenance, Business Today, May 2020

### 2.3.1. Announcement of the negative list for defence embargo

As discussed in the reforms by the Finance Minister in the month of May, an announcement was made by the Defence Minister in August 2020, listing 101 defence items for which there would be an embargo on the import beyond the timeline indicated against them. This negative list has been promulgated in line with the idea of achieving self-reliance in such equipment latest by 2025 as mentioned in the Draft Defence Production Policy, 2018. The list will be reviewed every year to add more items as and when required.

The embargo is planned to be implemented over a period of four years from now till 2024 and substantial changes in the draft DAP 2020 shall be done to ensure that no item in this list features for imports in the future. The list of 209 items contains – 69 items, 60 items, 42 items, 17 items, 13 items and 8 items with an indicative list of import embargo effective December 2020, December 2021, December 2022, December 2023, December 2024 and December 2025, respectively.

### 2.3.2. Licensing and Regulatory Reforms

The Department of Industrial Policy and Promotion (DIPP) under the Ministry of Commerce and Industry issued a notification in 2019 that aimed to liberalize the manufacturing of defence components in India. The notification draws a clear line between the list of defence items that need license authorization from the DIPP and the ones that need the license under the Arms Act of 1959. In other words, it states that all items that are of dual use and/or are components of the larger defence platform, can be manufactured under the ordinary licensing requirements of the DIPP. This distinguishes these equipments and items from the larger defence platforms (at the end of the defence value chain), that require stringent testing and checks and hence are to be authorized/licensed only under the Arms Act, 1959. The notification, in a way, liberalizes a plethora of items and equipments from the license regime.

The DDP also released a notification in 2017, allowing the export of items under the “Munitions List” by defining a new SOP and standardizing the process of the items under the Category 6 of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET).



# 3. India's Defence Exports

In the recent years, defence exports have been a central part of India's defence manufacturing capabilities with a focus on developing a credible and structured defence export programme that functions as an extension of Indian diplomacy. The current indigenous defence production is estimated to reach INR90,000 crore<sup>6</sup> (USD12.5 billion) in 2019-20 and in order to achieve the targeted annual growth rate of ~15 per cent the MoD is focusing on boosting defence exports.

As per the data published by the Stockholm International Peace Research Institute (SIPRI), in March 2020, India is ranked 23rd in the list of major arms exporters for 2015-2019<sup>7</sup>. This is the first time India has been ranked among the top 25 arms exporters in the world.

Frugal engineering, cost-arbitrage due to the availability of high-quality competitive engineering talent, IT infrastructure and labour provides India an opportunity to aim at further improving its defence exports. Given the potential for defence exports, the MoD targets exports of INR35,000 crore (USD5 billion) till 2024<sup>8</sup> and in order to achieve this target, the exports have to grow at a CAGR of >40 per cent till 2024.



## 3.1 Capabilities of defence manufacturing in India

Over the years, the Indian defence manufacturing ecosystem has developed its capabilities across product groups. The presence of large India primes and MSMEs alike, have created a diverse set of capabilities among the Indian manufacturers.

### 3.1.1 Composites

There has been significant growth in composites and allied technology in India because of widespread adoption in defence along with other commercial applications. Today, India has the capabilities in prepreg moulding, Vacuum Assisted Resin Transfer Moulding (VARTM)/resin infusion, multi-axes filament winding and hand layup. Using these

capabilities, the raw materials are being processed into composites like woven carbon and glass-based reinforcements, glass filament manufacturing, epoxy resin manufacturing, higher grade imide and phenol production, high temperature foam manufacturing and so on. India has dedicated plants for manufacturing of resins, reinforcements, fillers, adhesives and consumables for composites.

### 3.1.2 Precision manufacturing

India is home to a plethora of companies in the precision manufacturing space. The manufacturing capabilities currently in India include precision machined parts, mechanical parts assembly, CNC machining, precision lathe work, complex milling operations in hard metals, cylindrical and surface grinding, electrical discharge machining and, surface treatments and finishing. The manufacturers in India are utilising turning and turn mill centres, vertical, horizontal and five axis CNCs to produce thin walls, tight tolerances and intersecting intricate features.

### 3.1.3 Forging and sheet metal work

Capability of Indian companies in the field of forging and sheet metal work has been recognised globally for its high quality. India has the capability to forge variety of raw materials like Carbon steel, alloy steel, stainless steel, super alloy, Titanium and Aluminium. Indian manufacturers have forging capabilities in hot closed dies, open dies, cold closed dies, ring rolling, CNC and VMC machining, gear finishing (hobbing, shaping, shaving, broaching), robotic welding, heat treatment, ED painting, tool designing and development.

### 3.1.4 Special processes for aerospace components

Special processes for aerospace components include procedures that alter or change the mechanical, chemical or physical parts of products within the operation or process. They involve a variety of processes, some of which are listed below:

- Cadmium and Zinc Nickel Plating
- Non-Destructive Test
- Chromic Acid Anodizing
- Adhesive Bonding
- Passivation
- Tartaric Sulfuric Acid Anodizing



8. Press Information Bureau, Government of India, Ministry of Defence, March 2020

9. Defence Exports, DDP Dashboard, MoD, 2020

6. DDP dashboard, Ministry of Defence, March 2020

7. Trends in international arms transfer, 2019, SIPRI, March 2020



### 3.1.5 Shipbuilding

Shipbuilding in India, particularly Defence Shipbuilding, has come a long way since its fledgling years, when it began in 1950s. Like in many warships in services, MSMEs have played a key role in indigenising and retrofitting many marine grade military components during repair, refit and Mid Life Upgrades (MLU). Some of the thrust areas wherein MSMEs in the manufacturing sector have played and will continue to play a major role include manufacture of shipboard pipe fittings, valves, electrical switches, panels and fittings, components of motors and pumps, insulating material and rubber components. In the service sector, MSMEs in the sub-contracting vendor base of yards have played a key role in pane level hull fabrication/repair, hull outfitting work, painting work, piping and cabling layouts, accommodation space outfitting, installation/repair/overhaul of engineering and electrical equipment etc.

### 3.1.6 Upcoming Defence Corridors

The GoI has initiated the process of the creation of two defence industrial corridors in the states of Uttar Pradesh (UPDIC) and Tamil Nadu (TNDIC). These corridors would consist of clusters of industries working in tandem to manufacture defence components and would also have establishments dedicated for research and development. The proposed capabilities include:

- Establishment of defence testing facilities across the nodes by the MoD through the DTIS scheme; for e.g., upcoming UAV testing facility in the Tamil Nadu Defence Industrial Corridor (TNDIC)
- 3D printing (additive manufacturing), machining, precision manufacturing, prototyping to come up across the nodes.
- Centres for Excellence to be created in association with DRDO and the IITs in the corridor, to bring academic research for the industry<sup>10</sup>.
- Creation of Aerospace and Defence parks and Incubation centres for the growth of the industrial start-up ecosystem.
- Common Facility Centres (CFCs) to come up in partnership with global OEMs and Indian primes, to handhold the MSMEs enhancing manufacturing capabilities.
- Skill development centres to come up to equip the workforce for the required skills of the sector.



10. KPMG in India analysis, 2020

### 3.2. Defence platforms currently exported

India currently exports a variety of platforms/equipments and systems to countries with friendly relations. The exhaustive list of these platforms along with their description has been listed by DDP and has been reproduced below<sup>11</sup>.

#### 3.2.1 Land Systems

Sr. No.	Export Item	Description
1	Akash	An area defence system for defending vulnerable areas/ points against penetrating targets at low, medium and high altitudes. The system can engage multiple targets simultaneously.
2	BRAHMOS	A supersonic cruise missile which can be fired from various platforms under stringent launch conditions. BRAHMOS missile has identical configuration for land, sea, sub-sea and air platforms.
3	Milan – 2T	A man portable (infantry) second generation ATGM, with tandem war head to destroy tanks fitted with Explosive Reactive Armor for both moving and stationary targets.
4	Dhanush	Artillery gun system equipped with INS based sighting system, auto-laying system and on-board ballistic computation and day/night direct firing system. Can be deployed in mountainous terrain and deserts.
5	Advanced Towed Artillery Gun System	A 155 mm/52 calibre artillery system developed by ARDE (DRDO) to sustain high pressure.
6	K9 Vajra – T	An artillery gun system equipped with longer firing range and can be positioned in both severely cold areas as well as in desert terrain.
7	Bharat T-52	A long-range 155 mm/52 calibre towed gun, equipped with maneuverable field artillery solution. It has a self-suspension arrangement which is achieved by using walking beam system.
8	Upgraded L-70 gun	L-70 Gun Upgrade consists of the developments in electrical servo drives, electro-optical Fire Control System (FCS) and video tracking.
9	Garuda 105	A light-weight field gun based on the 105 Indian Field Gun and incorporates soft recoil technology resulting in a lightweight and modular howitzer, integrable with many types of combat transportation. It also has shoot and scoot capability.
10	Zu-23 Upgrade	It converts the manually laid gun into an all-electric system with autonomous functionality. It enables effective engagement of aerial and ground targets, Incorporates the automatic target tracker and complies with the operating and storage temperatures, humidity, dust and rain protection requirements.
11	Upgraded Schilka Weapon System	An all weather self-propelled Air Defence Weapon System primarily designed to protect mobile formations against aircraft and helicopters. It consists of 3D planar Active phased-array solid state radar and electro-optical Fire Control System (FCS).
12	WhAP	A wheeled amphibious Infantry Combat Vehicle (ICV) jointly designed and developed by DRDO and VRDE. Its 8x8 under chassis driveline with double wish bone type independent hydro-pneumatic suspension provides mobility across all kinds of terrain – land and water.
13	Weapon Locating Radar (WLR)	It has been primarily designed to locate hostile guns, mortars and rockets.
14	Battle Field Surveillance Radar - Extended Range (BFSR-XR)	A man portable, battery powered Pulse Doppler Surveillance Radar capable of automatically detecting and displaying a diversity of moving targets. It is light weight and operates whole day under all weather conditions.
15	30 Low Level Light Weight Radar (Aslesha)	Aslesha is a ground-based S-Band 3D Low Level Light Weight Surveillance Radar for deployment in diverse terrains like plains, deserts, mountain tops and high-altitude regions. Aslesha detects and tracks heterogeneous air targets.

11. Export Booklet, Department of Defence Production, MoD (Gol), 2020

Sr. No.	Export Item	Description
16	Military vehicles	Vehicles for defence in light, medium and heavy-duty segments. Ashok Leyland provides different power packs for Armored fighting vehicles and self-propelled guns, power pack for different uses. These vehicles are used for a variety of applications apart from normal load carrier to ambulance, recovery, firefighting, refrigerated lorry, fuel and water bowzers, rocket launcher, radars, missile.
17	Mine Protected Vehicle (MPV)	MPVs can carry upto a dozen fully armed personnel and have a provision for gun sights in bullet proof glass from where troops can take on targets outside. MPVs can move cross-country across most terrain even while taking fire and hitting back at terrorists.
18	Pinaka Multi-Barrel Rocket Launcher (MBRL)	A high-tech, all weather, long-range, area fire artillery system built on an 8 x 8 chassis with high cross-country mobility. It is fitted with electro-mechanical outriggers with an auto levelling feature to stabilise the launcher during launch.
19	Sarvatra bridge system	An optimally designed scissor launch system with hydraulic system that provides multi span capability.
20	Pontoon Bridge System	The bridge has a maximum load carrying capacity of 60 tonnes and can transport military vehicles over water obstacles and marshy grounds.
21	Communication Integrated Electronic Warfare System	An Integrated Electronic Warfare system operating in HF and VUHF band.
22	Ground-Based Mobile ELINT System (GB-MES)	The System is capable of detection, monitoring, location fixing, complete analysis of RF signals in the frequency range of 70 MHz to 40 GHz.
23	155-mm HE-ERFB BT	Rapid and accurate firing at long ranges to attack the ground targets.
24	Instavest G6	Instavest offers protection from handgun ammunition, RCC 's and FSP's at improved energy absorption and dissipation levels.
25	Advanced Combat Helmets	Boltless combat helmets are manufactured using special trauma reduction technology.
26	Ballistic Shields	Handheld and trolley mounted ballistic shields with large view ports and transparent armor offer coverage during counterterrorism, insurgency and riot control operations.
27	Ballistic Protection	<ul style="list-style-type: none"> <li>Advanced Ceramic B4C (CaraSTOP) Plates</li> <li>Tiles for Light Weight Armour.</li> <li>Personal Ballistic Protection.:</li> </ul>
28	High Energy Materials and Multi Mode Hand Grenade	Multi-Mode hand grenade offers advantages over conventional grenade in terms of safety, dual mode capability and lethality.
29	CMDS (Counter Measure Dispensing System)	Chaff and Flare Dispensing System, CMDS is a micro controller based airborne defensive system. It can be activated either by pilot or RWR.
30	Handheld/Helmet Mounted Night Vision Devices	An uncooled thermal sight which can view through dust, smoke, fog, haze and other battlefield obscurants.





### 3.2.2 Naval Systems

Sr. No.	Export Item	Description
1	Anti-Submarine Warfare Corvette (ASWC)	A frontline warship with stealth features. Advanced heat signature management techniques such as IRSS device has been installed for infrared signature.
2	Offshore Patrol Vessel	Equipped with weapons and sensors viz Bofors anti-aircraft gun, Racal Decca 2459 search radar and BEL 1245 navigation radar.
3	Advanced Offshore Patrol Vessel (AOPV)	Designed for patrolling and policing maritime zones, search and rescue, pollution control, external firefighting and embarkation and operation of ALH for long-range all-time search and surveillance.
4	Fast Patrol Vessels	Designed for patrolling, anti-smuggling and anti-terrorist operations, it can also support the Navy during wartime as a coastal convoyescort and as a communication link.
5	High speed Patrol Boat	A day/night surveillance and investigation vessel operating in shallow coastal waters in and around harbour and anchorage.
6	Fast Interceptor Boat (FIB)	Designed for roles including anti-smuggling, anti-infiltration, fisheries, patrol and immigration and anti-terrorism activities.
7	Inshore Patrol Vessel (IPV)	Designed and developed for coastal patrolling, anti-smuggling, search and rescue operations, fisheries protection, monitoring, and providing communication links.
8	Landing Craft Utility (LCU)	These are deployed to transport troops and equipment from ship to shore and vice versa.
9	Voith Tug	Designed and developed for towing and assisting naval ships, submarines and crafts in harbour and restricted water.
10	Torpedo Advanced Light (TAL)	An underwater weapon with homing and guidance technique including proportional navigation, pure pursuit and interception.
11	Heavy Weight Torpedo (VARUNASTRA)	A ship launched weapon. It weighs around 1.60 tonne and carries about 250 kg of explosives at a speed of 38 nautical miles per hour.
12	Submarine Fired Decoy	It acts as a preferred target in presence of own submarine to a passive or active homing torpedo.
13	CRN 91 Naval Gun	A modular weapon intended for use against armoured targets and air targets flying at low altitudes.



Sr. No.	Export Item	Description
14	Kavach MOD – II Chaff Rocket Launcher	Designed to counter the threat of various anti-ship missiles by using chaff decoys.
15	ASW Rocket Launcher	The ship-based anti-submarine weapon system is capable of firing 212 mm depth charge rockets at submerged targets, in single and salvo mode, from remote as well as local control stations.
16	Torpedo Launchers	The torpedo launchers have triple tube configuration and are installed on P16A class ships of the Navy. The heavyweight torpedo launchers have twin-tube configuration and are installed on P15A and P28 class ships.
17	WM-18 Rocket Launcher	This weapon system designed for beach-clearing by LST class of ships before executing amphibious operations.
18	53,000 DWT Bulker	Designed and developed for carriage of 53,000 Dwt bulk cargo materials, vessel is accommodated with five cargo holds and equipped with heavy cranes for loading and unloading cargo.
19	Floating Dock	Designed for operation alongside a jetty or with a mooring system, it is capable of meeting requirements for repairs of warships and submarines.
20	Advanced Composite Communication System (ACCS)	Designed to provide communication over VLF/MF/HF and V/UHF bands on board Naval Ships and Submarines for facilitating ship-to-ship, ship-to-shore and Ship-to-Air communication.
21	Coastal Surveillance System	The Surveillance System comprises of a network of radars with a centrally located Control Centre and Communication System for data and voice connectivity between Radar Stations and control Centre.
22	Combat Management System (CMS)	Automates tactical data handling from the ship's sensors and provides a decision support system to the command.
23	Electro Optical Fire Control System - Upgrade 2 (EOFCS-U2)	A compact, 2 axes stabilized, high performance system for control of short and medium range naval gun mounts. It has capability of panoramic detection, identification and gun engagement of all types of surface and air targets.



### 3.2.3 Air Systems

Sr. No.	Export Item	Description
1	Light Combat Aircraft (LCA) Tejas	Tejas is a 4th generation single engine fighter jet with technologies such as relaxed static-stability, fly-by-wire flight control, advanced glass cockpit, integrated digital avionics systems and advanced composite materials for the air frame.
2	Light Combat Helicopter (LCH)	A twin-engine, dedicated combat helicopter of 5.8 tonne class. This helicopter has a narrow fuselage and a tandem configuration for Pilot and Co pilot/ Weapon System Operator (WSO).
3	Advanced Light Helicopter (ALH) Dhruv	A 5.5 tonne class category helicopter with side by side cockpit configuration, built to FAR 29 specifications.
4	Cheetal Helicopter	A single-engine, multi mission helicopter in 2-tonne class and controlled by Fully Authority Digital Electronic Control (FADEC) system.
5	Dornier (Do-228)	A light transport aircraft developed specifically to meet the requirements of utility and commuter transport, third level services and air-taxi operations, coast guard duties and maritime surveillance.
6	Brake Parachute For SU-30 A/C	The brake parachute is intended to reduce the Aircraft landing run length or aborted takeoff.





### 3.3.3 Communication Systems

Sr. No.	Export Item	Description
1	Secure VHF Handheld Radio LVP 341	A VHF handheld radio with in-built digital secrecy and interface provided for Headgear and Crypto key loading.
2	Secure UHF Handheld Radio LUP 291	A UHF handheld radio with in-built digital secrecy and interface provided for Headgear and Crypto key loading.
3	Software Defined Handheld Radio	Developed to meet the required short-range ground to ground, ground to ship and ship to ship communication needs with protection against Electronic Counter Measures (ECM).
4	HF Transceiver LHP 265	An DSP based lightweight 20W HF SSB manpack radio. It provides a complete solution to the short-range communication requirements in the crowded HF band.
5	VHF FF Transceiver	A fixed frequency radio in the frequency band of 30MHz to 87.975MHz.
6	Vehicle Based Satcom For Disaster Management	The portable HSPA mobile BTS is required to establish mobile communications, in remote locations, where the overall WCDMA network does not provide local coverage.
7	CB/LB Field Telephone PTRIOO+	A 2-wire analogue field telephone for voice communication.
8	Weapon Sights for Target Observation and Aiming	A combined device for the Commander of an armoured vehicle or tank for day/night surveillance of targets, terrain and vehicles during battle situations.
9	Multiband Cellular and BWA Jammer	A portable multi-band RCIED barrage sweep jammer, covering cell phone bands and BWA band. The shielding frequency range covers almost all cell phone bands, including GSM, CDMA, DCS, 3G and also the broadband wireless access (BWA) band, upto 2.5GHz.
10	VHF Base Station LVM 342	The Secure VHF Base station radio LVM 342 is useful for ground communication at the platoon level.
11	V/UHF AM/FM Transceiver LUP 329	It meets the required long range ground to ground, and ground to air communication needs with protection against Electronic Counter Measures (ECM).
12	Software Defined Radio Manpack	A compact V/UHF band radio designed to provide fast, reliable and secure LOS voice, data and video communication

### 3.3.4 Other Systems

Sr. No.	Export Item	Description
1	Combat Training Centre (CTC)	A training infrastructure solution for defence, security, paramilitary and the Police forces. It consists of simulators and live training solutions to enable coordinated team training under various realistic threat scenarios.
2	Titanium Alloys	Titanium alloys find use application in the aerospace, chemical, petrochemical, marine, paper pulp, textile, food and dairy industries
3	Special Purpose Steels	The special steels have improved mechanical properties and better work ability which are essential for special applications in aerospace, power generation, nuclear, defence, cryogenic and other general engineering industries.
4	Non-Pressure Bearing Parts of Small Arms	Complex-shaped metal parts manufactured by Metal Injection Moulding, as per customer drawings
5	Airframe Structures and Engineered Products	Highly engineered products, airframe structures for Aircraft

## 4. Collaboration with Malaysia

### 4.1 India – Malaysia relationship

Malaysia is seen as a member of the Association of Southeast Asian Nations (ASEAN) and a key nation involved in maintaining maritime security in the Indian Ocean region (IOR). Malaysia is also a strategic partner of India and defence cooperation between India-Malaysia has been on an upward trajectory since the signing of Memorandum of Understanding (MoU) on Defence Cooperation (MIDCOM) in 1993.

There have been regular mutual visits by the Army, Air Force and Naval Chiefs from both countries.<sup>12</sup> Besides regular dialogues between the senior military officials, it was decided during the Indian Prime Minister's visit to Malaysia in July 2018 that the annual India-Malaysia Defence Cooperation Meeting will be held at the defence secretary level. Further, during the visit of Malaysian Prime Minister in April 2017 Royal Malaysian Air Force (RMAF) and Indian Air Force (IAF) have agreed on the setting up of an aircraft safety and maintenance forum for cooperation in training, maintenance, technical support and safety related issues. Additionally, both armies have been carrying out joint military exercises named 'Harimau Shakti' aimed at sharing the best practices and procedures for conducting counterinsurgency operations. In order to enhance mutual defence ties both sides have also planned to conduct joint naval exercises. Malaysian Navy has been participating in multilateral 'Milan' series of joint naval exercises since 1997.

In view of the strengthening of ties between the nations India took part in the biannual Langkawi International Maritime and Aerospace Exhibition (LIMA -19) held in March 2019. Indian Air Force participated with 02 of its indigenously developed Light Combat Aircraft (LCA) fighter aircraft to showcase its capabilities to the Royal Malaysian Air Force. In addition, Indian Navy's frontline corvette INS Kadmat also participated in LIMA-19.

### 4.2 Self-reliance in defence manufacturing

The Defence White Paper (DWP)<sup>13</sup> released by Malaysian Ministry of Defence (MinDef) in 2020 outlines the defence strategic outlook and illustrates a 05-point framework to develop a national policy under the ambit of National Defence Industry Policy (NDIP). The NDIP is aimed at developing a coherent set of policy guidelines and strategies for enhancing

research in defence science and technology, capacity building and funding to boost the growth of the local defence industry and providing the requisite impetus and coherent policy guidelines for enhancing the capacity of local defence science, technology and industry. The thrust areas of this framework are as follows:

- **Human capital development:** Promoting various initiatives to produce experts with the right skills and knowledge in line with the needs of the defence industry.
- **Technology development:** Providing funding for scientific research, application and innovation, acquiring critical technologies to strengthen local R&D capabilities and transfer of technology from foreign strategic partners.
- **Industrial development:** Implementing new defence asset procurement policies based on cost-benefit analysis and economic indicators, revitalising specific defence sectoral classification guidelines and reviewing tailored incentives to support local companies to improve industrial competitiveness and developing national strategic projects.
- **Towards self-reliance:** Prioritising the products developed and manufactured by capable local companies, re-energising Industrial Collaboration Programme (ICP) with OEM as well as benefiting from the know-hows on niche products and markets.
- **Penetrating the global market:** Encouraging local companies to promote their products and eventually penetrate international markets through collaboration with other Government agencies and the private sector, as well as participation in international defence exhibitions.

India over the last decade has also formulated several policies that have been successful in increasing India's defence production and exports as outlined in Chapter 1.

As both India and Malaysia are striving towards creating a thriving aerospace and defence ecosystem in their respective countries, it becomes imperative that the countries collaborate in this sector and facilitate sharing of learnings and challenges faced.

12. India- Malaysia Relationship, Ministry of External Affairs, Government of India, 2020

13. Defence White Paper (DWP), Ministry of Defence, Government of Malaysia, 2019

### **4.3. Synergy between Malaysia's defence requirement and India's indigenous platforms**

Intentions to collaborate in defence manufacturing have been announced in several joint statements by both the countries. There are many areas of collaborations especially in ship building, aircraft MRO and manufacturing. Indian defence PSUs have equipment being indigenously developed like radars and communication equipment where collaborative approaches could be adopted.

The requirements for developing the "Future Force" have been outlined in the DWP. Based on the requirements described in the document and the defence platforms being manufactured by India, the following platforms key areas of synergy that can be explored.

- Multi Role Support Ship (MRSS)
- Coastal surveillance radars
- 155mm Self-Propelled Howitzer (SPH)
- Multiple Launch Rocket System (MLRS)
- Armoured Vehicles (AVs)
- Tactical transport helicopters.
- Troop Carrying Vehicles (TCVs)
- Light Combat Aircraft (LCA)
- Fast Interceptor Crafts (FICs)
- Offshore Patrol Vessels (OPVs)

### **4.4. Benefits of collaboration with India**

India and Malaysia share a common goal in developing indigenous defence capabilities in their respective country. In their quest of achieving self-sufficiency in defence, there are significant benefits that the Malaysian defence manufacturers and R&D organisations can take advantage of by collaborating with Indian manufacturers.

#### **4.4.1. Low cost manufacturing**

India has one of the most competitive wage rates in the world for high skilled labour as well as abundant availability of skilled labour. India's average daily wage rate in manufacturing is around INR480 (USD6.5) per day. India has over 6000 technical and engineering institutes with over 2.5 million students enrolling each year in these institutes.

Leveraging this talent pool and low-cost manufacturing, India has developed key capabilities in precision machining and assembly, ship building, composite components, electronics assembly, special processes as well as special materials such as titanium alloys.

#### **4.4.2. Export financing and line of credit**

Indian government has extended line of credit to promote defence exports from India on a case to case basis. It is also exploring wherever feasible, the possibilities for financing of defence exports from India through EXIM bank. Similarly, buyer's credit facility can also be leveraged and a separate strategy to finance the exports to friendly countries can be worked out in consultation with MEA, EXIM Bank, DPSUs, private sector and other financial institutions.

#### **4.4.3. Favourable regulatory environment**

The world over, defence exports are covered by the defence diplomacy between friendly countries. This also contributes to building local operational capabilities and therefore, also enhances collaborations and joint operations between the forces of both the countries, especially during UN peacekeeping missions. The governments of the nations can facilitate wider engagement with public and private sector manufacturers as well as their joint ventures through bilateral discussions. This will assist the defence sector industry due comfort while importing/exporting.

Indian government has made several regulatory changes to ease manufacturing and export of components and platforms for defence application.

The government of India is also in the process of establishing Defence Exports Steering Committee (DESC) under the Chairmanship of Secretary, Department of Defence Production (DDP). The functions of this committee would include consideration and taking decisions on cases of export permissions particularly export of indigenously developed sensitive defence equipment.



# List of abbreviations

Abbreviation	Expansion
AAP	Annual Acquisition Plan
AI	Artificial intelligence
ALH	Advanced light helicopter
ARDE	Armament Research and Development Establishment
ASEAN	Association of Southeast Asian Nations
ASW	Anti submarine warfare
ATGM	Anti-tank guided missile
ATP	Acceptance Testing Procedure
BDL	Bharat Dynamics Limited
BEL	Bharat Electronics Limited
BEML	BharatEarth Movers Limited
BFSR	Battle field surveillance radar
CAGR	Compound annual growth rate
CDS	Chief of Defence Staff
CEMILAC	Center for Military Airworthiness and Certification
CFC	Common facilities centre
CDS	Chief of Defence Staff
CNC	Computer numerical control
CTC	Combat training centre
DA	Defence Attaché
DAP	Defence acquisition procedure
DDP	Department of Defence Production
DESC	Defence Exports Steering Committee
DESW	Department of Ex-Servicemen Welfare
DGAQA	Director General of Aeronautical Quality Assurance
DIC	Defence Investor Cell
DIPP	Department of Industrial Policy and Promotion
DPEPP	Defence production and export promotion policy
DPP	Defence procurement procedure
DPIIT	Department for Promotion of Industry and Internal Trade
DPSU	Defence public sector undertaking
DRDO	Defence Research and Development Organization
DTIS	Defence Testing Infrastructure Scheme
ELINT	Electronic intelligence
EoDB	Ease of Doing Business
EOFCS	electro-optical fire control system
EW	Electronic warfare
EXIM	Export import
FADEC	Fully Authority Digital Electronic Control
FCS	Fire control system
FDI	Foreign direct investment
FY	Financial year
GBMES	Ground based mobile ELINT system
GRSE	Garden Reach Shipbuilders & Engineers Limited

# List of abbreviations

Abbreviation	Expansion
GSQR	General staff qualitative requirements
HAL	Hindustan Aeronautics Limited
HSL	Hindustan Shipyard Limited
IC	Indigenous content
ICV	Infantry combat vehicle
IIT	Indian Institute of Technology
INS	Indian naval ship
IOP	Indian offset partner
IOR	Indian Ocean region
IP	Intellectual property
IRSS	Infrared signature suppression
ISRO	Indian Space Research Organisation
ITAR	International traffic in arms regulation
JV	Joint venture
LCA	Light combat aircraft
LCH	Light combat helicopter
LOS	Line of sight
LTIPP	Long Term Integrated Perspective Plan
MIDCOM	Malaysia-India Defence Cooperation Meeting
TNDIC	Tamil Nadu Defence Industrial Corridor
TRL	Technology readiness level
UAV	Unmanned aerial vehicles
UHF	Ultra high frequency
UN	United Nations
UPDIC	Uttar Pradesh Defence Industrial Corridor
VHF	Very high frequency
VLF	Very low frequency
VRDE	Vehicle Research and Development Establishment
TNDIC	Tamil Nadu Defence Industrial Corridor



**KPMG**



**IT SHOWS**  
IN OUR ABILITY TO TRIUMPH OVER ANYTHING  
IN OUR SPIRIT OF UNDYING ENTHUSIASM  
OUR DRIVE TO ACHIEVE THE EXTRAORDINARY  
UNMOVED BY FEAR OR CONSTRAINT  
WE'RE DRIVEN BY JOSH AND IT SHOWS



# About SIDM

The Society of Indian Defence Manufacturers (SIDM) is a not-for-profit association formed to be the apex body of the Indian defence industry. SIDM plays a proactive role as an advocate, catalyst, and facilitator for the growth and capability building of the defence industry in India.

SIDM's vision is to catalyse the Indian defence industry to effectively contribute to India's national security and become a trustworthy global partner. Its mission is to work closely with the Government towards enabling the growth of the defence industry and collaborate with experts from the Armed forces, Academia and Defence industry to optimize the industry's development capabilities. SIDM's values are India First; One Voice and Self-Reliant for Security.

SIDM facilitates the growth of defence industry in India through policy advocacy support to the Government, conduct of events which provide a common platform for interaction with three Armed Forces, DRDO, Ministry of Defence, Paramilitary Forces and, also, OEMs and other industry players, Defence & Aerospace Consultancy Services (DACs), conduct of Defence Acquisition Management Training Programme, provision of a platform for business to business connections and serving as a bridge between the industry, the Armed forces and the government.

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