

Import Restrictions and Licensing Requirement for Trials

Dr Ajay Kumar, Secretary (Defence Production) chaired a meeting on 21 February 2018 to discuss issues faced by the industry with respect to restrictions and licensing required to import and for trials.

The issues regarding multiple licenses being required from Directorate General of Foreign Trade (DGFT) and customs was brought out. It was suggested to provide assignable licenses and also to have the procedure on line like that for exports. It was also brought out that to get a re import of items rejected by the user, there was import duty levied again. It was emphasized that the end user was the defence services and the process must be simplified.

After discussions the following points were decided.

- Secretary (DP) suggested that the licensing procedure should be over within 30 days. The requirement of licensing to be done as per Standard Operating Procedure to be made by the DDP and sent to Directorate General of Foreign Trade (DGFT). DGFT agreed that they would then designate the DDP as the licensing authority for items which are to be ultimately used by the Services. The Customs would then be shown this authority for clearances by the companies.
- DGFT has proposed that a proposal be forwarded by DDP/MoD early so that it can be progressed.
- A committee would be constituted to finalise the SOP with members from DGFT, Customs and MHA along with MoD so that import items and procedures could be carried out.

Seminar on UK – India Defence Partnership

Coinciding with the visit of the British Defence Secretary to India, the seminar “UK-India Defence Partnership” was organised jointly by the Society of Indian Defence Manufacturers (SIDM) and the British High Commission on 26 February 2018 in New

Delhi.

Sir Dominic Asquith KCMG, British High Commissioner, speaking at the inaugural session of the Seminar mentioned that the UK defence industry was one of the best in terms of technology and building partnerships with India could not only add to additional cutting edge technology but also to skill development. India and UK both need to highlight the problems of short-term to identify concrete actions for the future.

Welcoming the participants, Lt Gen Subrata Saha PVSM, UYSM, YSM, VSM** (Retd), Director General, SIDM highlighted the history of the Indo-British defence industry and brought out that the defence expenditure based on the threats not only needs to cater for external threats but in the process add to the economy. He added that rather than seeing India as a market for Defence equipment and engaging in buyer seller relationship, it would be of much higher value if UK & India engaged upstream for collaborative ventures in innovation & technology development and touched upon the potential of MSME to MSME engagement.

In the first session chaired by Mr Shambhu Kumaran, Joint Secretary (Planning & International Cooperation), Ministry of Defence, it was brought out that the technology is the crux for future capability. The issue of life cycle expenses and modernisation and upgrade of existing equipment was also highlighted. A suggestion to the British industry was to engage with Indian industry into their supply chain for future orders.

The second session chaired by Mr Stephen Lovergrove CB, Permanent Secretary, Ministry of Defence, UK brought out the engagement of UK with their industry with key reforms and new structures.

The Secretary Defence Production, Dr Ajay Kumar gave out details of how Indian Government is moving on to greater transparency, making in India, easing procedures and opening up exports and defence corridors. Indian Government is fostering MSMEs collaborations in the defence sector. He also mentioned about DPSUs should improve productivity per person and delivery timelines. Overall market dynamism can come in through the IPO" while talking of partial disinvestment of DPSUs. He also said that the proposals taken up under 'Make II", the progress at the various steps will be published for vendors to know the status of their projects.

Mr Jayant Patil, Vice President, SIDM spoke about opportunities offered through a Strategic Partnership model which is centred about private industry partner. For future advanced platforms, the Government is already considering DPSUs for future strategic partnerships. Mr Patil also brought out how the Government of India is bringing in

greater policy changes.

The seminar was attended by high level officials from the UK and India from Ministry of Defence in addition to senior military and industry representatives from both countries to an open and dynamic discussion on a range of equipment and production issues.

DG Acquisition's Industry Interaction on Pending Issues

Mr Apurva Chandra, Director General (Acquisition) & Additional Secretary, MoD interacted with industry representatives and briefed them on the status pending issues on 26 February 2018. Issues discussed ranged from withdrawal of RFPs, export of equipment, UAV's, single vendor situations etc.

Summary of interactions is appended:

1. Responding to request of expediting the process of Light Bullet Proof Vehicles / LAM due to SQRs, DG Acquisition said that few projects are pending for more than 3 years as industry is asking for more time to develop prototype and are demanding to relax SQRs. MoD is of the view that if the Indian companies are not able to develop these, they should not accept the terms. However, industry view was that they have pointed this to the Services at the time of formulations of SQRs. Therefore it is important that QRs are framed to ensure that there is competition inbuilt in the process for specific technological requirement and provisions for enhanced performance parameters are there in the DPP.
2. The status of projects should be put in open domain or informed periodically to industry to keep them updated on the progress.
3. UAVs to be put under Special Projects.
4. Cases where ab-initio Single Vendor situation is likely to be arisen, the procurements cases are likely to be withdrawn. That is where QRs are framed in such a manner that only one vendor can qualify or favours one vendor only.
5. Reimbursement of taxes and duties will be as per rates and amounts indicated in the commercial bid/contract or as per actuals whichever is lower. DG Acquisition advised his officials to look into it the issue and make required changes in the DPP 2016.
6. On the issue of Exchange Rate Variation (ERV), DG Acquisition advised his officials to look resolve the issue
7. Withdrawal of RFPs – AON according authority to be responsible for RFP withdrawal so that it is minimised.
8. CNC meeting minutes to be shared with participating companies so that there is no ambiguity.

Government Owned Contractor Operated (GoCo) model for Army Base Workshops

In pursuance of suggesting a GoCo Model for Army Base Workshops and at the behest of Lt Gen R R Nimbhorkar, MGO, Indian Army, SIDM studied and presented the USA model of GoCo to Lt Gen Sarath Chand, PVSM, UYSM, AVSM, VSM, Vice Chief of Army Staff (VCOAS) on 06 March 2018.

Defence Industrial Corridors

Meeting with Principal Secretary to Chief Minister of Uttar Pradesh

Lt Gen Subrata Saha, PVSM, UYSM, YSM, VSM** (Retd), Director General, SIDM and Ms Shefali Chaturvedi, Executive Director, SIDM met Mr S P Goyal, Principal Secretary to Chief Minister of Uttar Pradesh and Mr Anup Chandra Pandey, Commissioner, UP Industrial and Infrastructure Development on 08 March 2018, to discuss potential opportunities for industry in Bundelkhand Defence Industrial Corridor.

Jointly with CII Uttar Pradesh, SIDM hosted an industry interaction to understand opportunities presented by Bundelkhand Defence Industrial Corridor and seek inputs on how SIDM could anchor collaborative efforts for the corridor were requested from participants; Policy interventions & infrastructure requirements and other such issues were also discussed during the interaction.

SIDM leadership also visited PTC Industries Advanced Manufacturing & Technology Centre in Lucknow.

Stakeholder interaction on Chennai Defence Industrial Corridor

Lt Gen Subrata Saha, PVSM, UYSM, YSM, VSM** (Retd), Director General, SIDM was invited by Ministry of Defence to an interaction with stakeholders on 10 March 2018, in Chennai on opportunities that the Chennai Defence Industrial Corridor would offer.

Events addressed by Director General, SIDM

Make in Maharashtra 2.0

Director General, SIDM addressed the session on Defence, Artificial Intelligence & Genomics at Magnetic Maharashtra: Convergence 2018 in Mumbai on 20 February 2018.

Uttar Pradesh Investors Summit 2018

Director General, SIDM spoke in the inaugural session on Indian OEM's Perspective in a

session on 'Defence & Aerospace: Investment Opportunities in Uttar Pradesh' on 22 February 2018.

National Maritime Foundation's Annual Conference

Director General, SIDM spoke in the inaugural session on 'Make-in-India' & 'Make-for-India' Options in a session on "The Role and Potential of Industry in Holistic Maritime Security" at the National Maritime Foundation's Annual Conference on 28 February 2018.

Annual Army Seminar 2017-18

Director General, SIDM spoke about 'Defence & Industry Interface, Cooperation and Challenges for Make in India' in the session on "Make in India Initiatives of Indian Army - Laying Foundation for 100% Self Reliance in Defence" at the Annual Army Seminar on 01 March 2018

Defence Indigenisation Expo

Director General, SIDM addressed the Defence Indigenisation Expo in Coimbatore on 05 March 2018. Defence public sector units (DPSUs) & armed forces set up stalls at the expo and interacted with MSME's on how they could collaborate for manufacturing of components on display.

DG, SIDM also interacted with industry on the opportunities that the Bangalore – Chennai Defence Industrial Corridor would offer and urged MSME's present to tap potential for supply to Defence.

Upcoming Events

DefExpo 2018

SIDM facilitated activities at the DefExpo 2018 between 11 – 14 April are listed below:

- Special Session on Defence Industrial Corridors with Secretaries to Government of India and State Governments
- Panel Discussion: What needs to be done to attract more FDI in Defence Sector
- Panel Discussion: Designing Solutions to Battlefield Problems: The Warrior Speak
- Felicitation of Women Achievers from three Defence Services
- Military Industrial Conference with Russian Federation
- Presentation of Research projects with potential Defence applications by Academic Institutes for Industry Partnership or sponsorship

SIDM facilitated French delegation visit to India

The French delegation led by Mr Eric Trappier, Chairman, GIFAS, the French Aerospace Industries Association would be visiting India between 16 – 20 April 2018.

Membership Update

In the short span of 3 months, SIDM membership has exceeded 100 enrolments.