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## Defence India Start-up Challenge 5.0

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### Why in News

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Recently, the Ministry of Defence launched the **5<sup>th</sup> edition** of the **Defence India Start-up Challenge (DISC)** under **Innovations for Defence Excellence - Defence Innovation Organisation (iDEX-DIO)**.

- Thirty-five problem statements – 13 from the Services and 22 from **Defence Public Sector Undertakings (DPSUs)** – were unveiled under **DISC 5.0**. Some of which are:
- Situational awareness, augmented reality, **Artificial Intelligence**, aircraft-trainer, non-lethal devices, **5G network**, **Underwater Domain Awareness**, **Drone** SWARMS and data capturing.

### Innovation for Defence Ecosystem (iDEX)

- **About:**
  - It was **launched in 2018**, as an ecosystem to foster **innovation & technology development in Defence and Aerospace** by engaging innovators & entrepreneurs to deliver technologically advanced solutions for modernizing the Indian Military.
  - It provides **funding/grants to MSMEs, start-ups, individual innovators, R&D institutes and academia** to carry out research and development.
  - iDEX is funded and managed by “**Defence Innovation Organisation**”.
- **Core Objectives:**
  - **Indigenization:** Rapid development of **new, indigenized and innovative technology**.
  - **Innovation:** Creates a culture of engagement with **innovative startups to encourage co-creation**.

### Key Points

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- **About:**
  - DISC aims at supporting **Startups/MSMEs** (Micro Small and medium Enterprises)/Innovators to **create prototypes and/or commercialize products/solutions in the area of National Defence and Security**.
  - It is meant to **achieve self-reliance and foster innovation and technology** development in the defence and aerospace sectors.
  - It was launched by the Ministry of Defence in partnership with **Atal Innovation Mission**.
  - Under the program, **the start-ups, Indian companies and individual innovators** (including research & academic institutions) can participate.
  - **DISC 5.0** will be a **massive leap towards leveraging the startup ecosystem** to develop India's defence technologies, equipment design and manufacturing capabilities.
- **Vision:**
  - **Prototyping:** Help **create functional prototypes** of products/technologies relevant for national security, and spur fast-moving innovation in the Indian defence sector.
  - **Commercialization:** Help new tech products/technologies **find a market and early customer in the form of the Indian Defence Establishment**.
- **Significance:**
  - It forms a link between **youth, academia, R&D, start-ups and the armed forces**.
  - These challenges **will also encourage startups to become more attuned to innovative concepts and inculcate the approach of creative thinking** in India's budding entrepreneurs.

## Indigenisation of Defence Sector

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- **About:**
  - Indigenisation is the capability of **developing and producing any defence equipment within the country** for the dual purpose of achieving **Self Reliance** and reducing the burden of imports.
    - Self-reliance in defence manufacturing is one of the key objectives of Department of Defence Production.
  - **Defence Research Development Organisation (DRDO)**, Defence Public Sector Undertakings (DPSUs), **Ordnance Factory Board (OFB)** and private organisations are playing a critical role in indigenisation of defence industries.
  - The **defence ministry has set a goal of a turnover of USD 25 billion in defence manufacturing by 2025** that included an export target of USD 5 billion worth of military hardware.

- **Need of Indigenisation:**
  - **Reducing Fiscal Deficit:**
    - India is the **second largest arms importer in the world** (after Saudi Arabia).
    - Higher import dependency leads to an increase in the **Fiscal Deficit**.
  - **Security Imperative:**
    - Indigenisation is critical to **National Security** also.
    - It keeps intact the technological expertise and **encourages spin-off technologies and innovation that often stem from it.**
  - **Employment generation:**

Defence manufacturing will lead to the **generation of satellites industries that in turn will pave the way for generation of employment opportunities.**
  - **Strategic Capability:**
    - Self sufficient and self-reliant defence industry **will place India among the top global powers.**
    - **Nationalism and Patriotism** can increase with indegenious production of defence equipment, that in turn will **not only boost the trust and confidence** of the Indian forces but will **also strengthen a sense of integrity and sovereignty in them.**

- **Challenges to Indigenisation of Defence Sector:**

- **Lack of Private participation:**

- The defence manufacturing has been dependent **on DRDO & Defence PSUs only.**
- The participation of the private sector has been allowed only recently.

- **Lack of expertise:**

- In the Navy only, the **naval architects were recruited from IITs & were provided training in foreign countries.**
- However, the army & air force does not have such a capacity building programme.

- **Hurdles in manufacturing:**

Bureaucratic hurdles, Political hurdles, Shortage of human & technical resources, Lack of timely delivery.

- **Inefficient budgeting:**

Most of the defence budget goes towards salaries, perks & maintenance of equipment.

- **Corruption:**

Arms sales & lobbying reduced efficiency and effectiveness of defence spending.

- **Lack of Coordination:**

Lack of coordination **between academia, military & industry** and poor R&D due to lack of government funding and poor industry-academia collaboration.

- **Other Related Initiatives:**

- **First Negative Indigenisation:**

In August 2020, the government announced that **India will stop the import of 101 weapons and military platforms** like transport aircraft, light combat helicopters, conventional submarines, cruise missiles and sonar systems by 2024.

- **Positive Indigenisation List:**

- It places **import restrictions on 108 military weapons and systems** such as next-generation corvettes, airborne early warning systems, tank engines and radars.
- It is planned to be implemented progressively with effect from **December 2021 to December 2025**.

- **New FDI Policy in Defence Sector:**

In May 2020, the government announced increasing the **Foreign Direct Investment limit from 49 % to 74 % under the automatic route** in the defence sector.

- **Defence Acquisition Procedure 2020:**

It contains **policies and procedures for procurement and acquisition** from the capital budget of the Ministry of Defence in order to modernise the Armed Forces including the **Coast Guard**.

- **Defence Industrial Corridors:**

The **defence corridors will facilitate a well-planned and efficient industrial base** that will lead to increased defence production in the country.

## Way Forward

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- **Private Sector boost** is necessary as it can infuse efficient and effective technology and human capital required for modernisation of indigenous defence industry.
- **In-house design capability** should be **improved** amongst the three services, the Navy has progressed well on the path of indigenisation primarily because of the in-house design capability, the Naval Design Bureau.
- The government can provide an **autonomous status to DRDO** which will improve the number of sub-contracts to the private sector and also instil confidence to private sectors.

**Source:IE**