

# **FDI Opportunities in the Indian Defense Sector, Policy Overview, Technological Capability Assessment (Airborne, Naval, and Land), Inventory Gap Assessment (Airborne, Naval, and Land), Key Indian Companies – Capabilities, Tie-ups and Profiles**

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## **Abstracts**

India's high defense spending makes it an attractive destination for foreign direct investment (FDI)

The Indian aerospace and defense market presents an attractive and significant opportunity for domestic players and foreign companies across the defense supply chain. India has the third-largest armed forces in the world, and its defense budget is nearly 2% of its GDP. It is one of the largest importers of conventional defense equipment and spends about 40% of its total defense budget on capital acquisitions. The majority of the country's defense requirements are met through imports.

Make in India initiative expected to bolster opportunities for the Indian companies looking to enter the defense sector

The Indian government aims to build a domestic industrial base by encouraging procurement of indigenously manufactured or developed technology and weapons systems, under its Make in India initiative. It has also revised the Defense Procurement Procedure (DPP). Original equipment manufacturers and their suppliers are expected to fulfil offset obligations and take advantage of India's competitive advantages in manufacturing and information technology by setting up manufacturing facilities in the country. A large number of Indian private companies and publicly funded research laboratories are looking to enter the Indian defense sector.

Break-up of primary participants for the report has been given below:

By company: Tier1 - 35%, Tier 2 - 45%, Tier 3 - 20%

BY designation: C Level - 35%, Director Level - 25%, Others - 40%

Opportunities for domestic players to emerge as offset partners for the foreign players

The offset policies formulated by the Indian government are expected to offer various opportunities for the domestic private players. They are expected to help develop the required ecosystem for major private players to emerge. This has led to various opportunities which are anticipated to spur the growth of the indigenous defense industry, including the private sector.

The domestic companies, specially medium, small, and micro enterprises (MSMEs) are expected to be a part of the global supply chain of major defense companies.

The various companies profiled in this report include Ashok Leyland, Astra Microwave Products, Bharat Forge, Larsen&Toubro, Mahindra & Mahindra, Reliance Infrastructure, Reliance Industries, Rolta India, Solar Industries, TATA Group, Walchandnagar Industries, Bharat Dynamics, Bharat Earth Movers, Bharat Electronics, Cochin Shipyard, Garden Reach Shipbuilding & Engineers, Hindustan Aeronautics, Hindustan Shipyard, Mazagaon Dock Shipyard, and Zen Technologies.

Reasons to Buy the Report:

From an insight perspective, this research report has focused on various levels of analysis—inventory assessment, mapping the technological capability roadmap as envisaged by the Indian government, market structure analysis of top players, and company profiles, which together comprise and discuss the basic views on the competitive landscape and opportunities in the Indian defense sector.

The report provides insights on the following pointers:

**Market Penetration:** Comprehensive information on weapons systems and components offered by the top players in the Indian defense sector

**Product Development/Innovation:** Insights related to the current inventory held

by the Indian armed forces and expected procurements

Market Development: Information about the changing market dynamics due to relaxing of FDI norms

## Contents

### **1 POLICY OVERVIEW**

- 1.1 INTRODUCTION
- 1.2 INDIAN DEFENSE SUPPLY CHAIN
- 1.3 DEFENSE PROCUREMENT POLICY (DPP)-2016
- 1.4 DPP: PROCUREMENT CATEGORIZATION AND SANCTIONING AUTHORITIES
- 1.5 CURRENT DEFENSE PROCUREMENT PROCESS
- 1.6 PROCESS OF ISSUANCE OF REQUEST FOR PROPOSAL (RFP)
- 1.7 DEFENSE EQUIPMENT PROCUREMENT: TIMELINE AND BIDDING PROCESS
- 1.8 DEFENSE OFFSET POLICY OBLIGATIONS
- 1.9 REGULATORY MECHANISM: TAXATION POLICY, PROTECTION OF INTELLECTUAL PROPERTY, AND INDUSTRIAL LICENSING
  - 1.9.1 INDUSTRIAL LICENSING POLICY

### **2 TECHNOLOGICAL CAPABILITY ASSESSMENT, BY PLATFORM**

- 2.1 AIRBORNE SYSTEMS
  - 2.1.1 CURRENT CAPABILITY
  - 2.1.2 CAPABILITY ROADMAP: TECHNOLOGY FOCUS OF THE INDIAN GOVERNMENT AND KEY RFIS/RFPS ISSUED
- 2.2 NAVAL SYSTEMS
  - 2.2.1 CURRENT CAPABILITY
  - 2.2.2 CAPABILITY ROADMAP: TECHNOLOGY FOCUS OF THE INDIAN GOVERNMENT AND KEY RFIS/RFPS ISSUED
- 2.3 LAND SYSTEMS
  - 2.3.1 CAPABILITY ROADMAP
  - 2.3.2 CAPABILITY ROADMAP: TECHNOLOGY FOCUS OF THE INDIAN GOVERNMENT AND KEY RFIS/RFPS ISSUED

### **3 INVENTORY GAP ASSESSMENT, BY PLATFORM**

- 3.1 AIRBORNE SYSTEMS: INVENTORY GAP ASSESSMENT
  - 3.1.1 COMBAT & TRAINER
    - 3.1.1.1 Current scenario
    - 3.1.1.2 Key focus areas
  - 3.1.2 ROTARY
    - 3.1.2.1 Current scenario

- 3.1.2.2 Key focus area
- 3.1.3 SUPPORT PLATFORMS
  - 3.1.3.1 Current scenario
  - 3.1.3.2 Key focus areas
- 3.1.4 KEY DEVELOPMENTS (2015)
- 3.2 NAVAL SYSTEMS
  - 3.2.1 SUBMARINES
    - 3.2.1.1 Current scenario
    - 3.2.1.2 Key focus areas
  - 3.2.2 SURFACE COMBATANTS
    - 3.2.2.1 Current scenario
    - 3.2.2.2 Key focus areas
  - 3.2.3 SUPPORT PLATFORMS
    - 3.2.3.1 Current scenario
    - 3.2.3.2 Key focus areas
  - 3.2.4 KEY DEVELOPMENTS (2015)
- 3.3 LAND SYSTEMS
  - 3.3.1 ARTILLERY
    - 3.3.1.1 Current scenario
    - 3.3.1.2 Key focus areas
  - 3.3.2 MISSILES
    - 3.3.2.1 Current scenario
    - 3.3.2.2 Key focus areas
  - 3.3.3 FIGHTING VEHICLES
    - 3.3.3.1 Current scenario
    - 3.3.3.2 Key focus areas
  - 3.3.4 INFANTRY SYSTEMS
    - 3.3.4.1 Current scenario
    - 3.3.4.2 Key focus areas
  - 3.3.5 KEY DEVELOPMENTS (2015)

## **4 KEY INDIAN COMPANIES: CAPABILITIES & TIE-UPS**

## **5 COMPANY PROFILES**

- 5.1 KEY PRIVATE DEFENSE EQUIPMENT MANUFACTURERS
  - 5.1.1 ASHOK LEYLAND
  - 5.1.2 ASTRA MICROWAVE PRODUCTS LIMITED
  - 5.1.3 BHARAT FORGE LIMITED

- 5.1.4 LARSEN&TOUBRO LIMITED
- 5.1.5 MAHINDRA&MAHINDRA LIMITED
- 5.1.6 PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED
- 5.1.7 RELIANCE INFRASTRUCTURE LIMITED
- 5.1.8 RELIANCE INDUSTRIES LIMITED
- 5.1.9 ROLTA INDIA LIMITED
- 5.1.10 SOLAR INDUSTRIES INDIA LIMITED
- 5.1.11 TATA GROUP
- 5.1.12 WALCHANDNAGAR INDUSTRIES
- 5.2 KEY GOVERNMENT OWNED DEFENSE EQUIPMENT MANUFACTURERS
  - 5.2.1 BHARAT DYNAMICS LIMITED
  - 5.2.2 BHARAT EARTH MOVERS LIMITED
  - 5.2.3 BHARAT ELECTRONICS LIMITED
  - 5.2.4 COCHIN SHIPYARD LIMITED
  - 5.2.5 GARDEN REACH SHIPBUILDING & ENGINEERS LIMITED
  - 5.2.6 HINDUSTAN AERONAUTICS LIMITED
  - 5.2.7 HINDUSTAN SHIPYARD LIMITED
  - 5.2.8 MAZAGON DOCK SHIPBUILDERS LIMITED
- 5.3 MICRO SMALL AND MEDIUM ENTERPRISES (MSME)
  - 5.3.1 ALPHA DESIGN TECHNOLOGIES PRIVATE LIMITED
  - 5.3.2 PRECISION ELECTRONICS LIMITED
  - 5.3.3 ZEN TECHNOLOGIES LIMITED

## **6 APPENDIX**

- 6.1 QUESTIONNAIRE FOR PRIMARY INTERVIEWS
- 6.2 AVAILABLE CUSTOMIZATIONS
  - 6.2.1 DEFENSE PROCUREMENT POLICY (DPP)-2016 ANALYSIS
  - 6.2.2 COMPANY INFORMATION
    - 6.2.2.1 Detailed analysis and profiling of additional players (Up to 5).
- 6.3 RELATED REPORTS

## List Of Tables

### LIST OF TABLES

Table 1 TAX REGIME

Table 2 FIGHTER AIRCRAFT: CURRENT CAPABILITY

Table 3 SUPPORT PLATFORMS: CURRENT CAPABILITY

Table 4 ROTARY AIRCRAFT: CURRENT CAPABILITY

Table 5 KEY TECHNOLOGIES IDENTIFIED FOR CAPABILITY ENHANCEMENT BY THE INDIAN GOVERNMENT

Table 6 LIST OF KEY REQUEST FOR INFORMATION (RFI) ISSUED

Table 7 LIST OF KEY REQUEST FOR PROPOSALS (RFPS) ISSUED

Table 8 SURFACE COMBATANTS: CURRENT CAPABILITY

Table 9 SUBMARINES: CURRENT CAPABILITY

Table 10 SUPPORT PLATFORMS: CURRENT CAPABILITY

Table 11 KEY TECHNOLOGIES IDENTIFIED FOR CAPABILITY ENHANCEMENT BY THE INDIAN GOVERNMENT

Table 12 LIST OF KEY REQUEST FOR INFORMATION (RFI) ISSUED

Table 13 LIST OF KEY REQUEST FOR PROPOSALS (RFPS) ISSUED

Table 14 ARTILLERY: CURRENT CAPABILITY

Table 15 MISSILES: CURRENT CAPABILITY

Table 16 FIGHTING VEHICLES: CURRENT CAPABILITY

Table 17 INFANTRY SYSTEMS: CURRENT CAPABILITY

Table 18 KEY TECHNOLOGIES IDENTIFIED FOR CAPABILITY ENHANCEMENT BY THE INDIAN GOVERNMENT

Table 19 LIST OF KEY REQUEST FOR INFORMATION (RFI) ISSUED

Table 20 LIST OF KEY REQUEST FOR PROPOSALS (RFPS) ISSUED

Table 21 KEY PRIVATE SECTOR PLAYERS: CAPABILITY

Table 22 KEY PUBLIC SECTOR PLAYERS: CAPABILITY

Table 23 KEY INDUSTRY PARTICIPANTS, BY PLATFORM

## List Of Figures

### LIST OF FIGURES

- Figure 1 STATE OF INVENTORY HELD BY INDIA (2015)
- Figure 2 FINANCE COMMISSION'S PROJECTION FOR DEFENSE REVENUE EXPENDITURE (2014-2019)
- Figure 3 DEFENSE SUPPLY CHAIN
- Figure 4 DPP 2016- INTERIM GUIDELINES
- Figure 5 EVOLUTION OF DPP (2002-2013)
- Figure 6 PROCUREMENT CATEGORIZATION
- Figure 7 PROCESS FOR PROCUREMENT UNDER 'BUY', 'BUY AND MAKE WITH TOT', AND BUY & MAKE (INDIAN) CATEGORIES
- Figure 8 ACQUISITION PROCESS UNDER 'MAKE' CATEGORY
- Figure 9 KEY DECISION MAKERS IN THE PROCUREMENT PROCESS
- Figure 10 RFPS ARE ISSUED BY THE INDIAN MOD
- Figure 11 OVERVIEW OF THE DEFENSE EQUIPMENT PROCUREMENT PROCESS
- Figure 12 EVALUATION AND SELECTION OF BIDS DURING DPP
- Figure 13 REGISTRATION GUIDELINES FOR VENDORS
- Figure 14 AVENUES TO DISCHARGE OFFSET OBLIGATIONS
- Figure 15 PROTECTION OF INTELLECTUAL PROPERTY
- Figure 16 PROJECTED AIRFORCE CAPITAL EXPENDITURE OUTLAY (2014-2024)
- Figure 17 COMBAT/TRAINER AIRCRAFT: INVENTORY ASSESSMENT (2015)
- Figure 18 ROTARY AIRCRAFT: INVENTORY ASSESSMENT (2015)
- Figure 19 SUPPORT PLATFORMS: INVENTORY ASSESSMENT (2015)
- Figure 20 PROJECTED NAVY CAPITAL EXPENDITURE OUTLAY (2014-2024)
- Figure 21 SUBMARINES: INVENTORY ASSESSMENT (2015)
- Figure 22 SURFACE COMBATANTS: INVENTORY ASSESSMENT (2015)
- Figure 23 SUPPORT PLATFORMS: INVENTORY ASSESSMENT (2015)
- Figure 24 PROJECTED LAND SYSTEMS CAPITAL EXPENDITURE OUTLAY (2014-2024)
- Figure 25 LAND SYSTEMS: INVENTORY ASSESSMENT (2015)
- Figure 26 ARTILLERY: INVENTORY ASSESSMENT (2015)
- Figure 27 PRODUCT OFFERINGS
- Figure 28 ASHOK LEYLAND: SWOT ANALYSIS
- Figure 29 PRODUCT OFFERINGS
- Figure 30 ASTRA MICROWAVE PRODUCTS LIMITED: SWOT ANALYSIS
- Figure 31 PRODUCT OFFERINGS
- Figure 32 BHARAT FORGE LIMITED: SWOT ANALYSIS



Figure 33 PRODUCT OFFERINGS

Figure 34 LARSEN&TOUBRO LIMITED: SWOT ANALYSIS

Figure 35 PRODUCT OFFERINGS

Figure 36 MAHINDRA & MAHINDRA: SWOT ANALYSIS

Figure 37 PRODUCT OFFERINGS

Figure 38 PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY  
LIMITED: SWOT ANALYSIS:

Figure 39 PRODUCT OFFERINGS

Figure 40 RELIANCE INFRASTRUCTURE LIMITED: SWOT ANALYSIS

Figure 41 RELIANCE INDUSTRIES LIMITED: SWOT ANALYSIS

Figure 42 PRODUCT OFFERINGS

Figure 43 ROLTA INDIA LIMITED: SWOT ANALYSIS:

Figure 44 PRODUCT OFFERINGS

Figure 45 SOLAR INDUSTRIES INDIA LIMITED: SWOT ANALYSIS

Figure 46 PRODUCT OFFERINGS

Figure 47 TATA GROUP: SWOT ANALYSIS

Figure 48 PRODUCT OFFERINGS

Figure 49 WALCHANDNAGAR INDUSTRIES: SWOT ANALYSIS

Figure 50 PRODUCT OFFERINGS

Figure 51 BHARAT DYNAMICS LIMITED: SWOT ANALYSIS

Figure 52 PRODUCT OFFERINGS

Figure 53 BHARAT EARTH MOVERS LIMITED: SWOT ANALYSIS

Figure 54 PRODUCT OFFERINGS

Figure 55 BHARAT ELECTRONICS LIMITED: SWOT ANALYSIS

Figure 56 PRODUCT OFFERINGS

Figure 57 COCHIN SHIPYARD LIMITED: SWOT ANALYSIS

Figure 58 PRODUCT OFFERINGS

Figure 59 GARDEN REACH SHIPBUILDING & ENGINEERS LIMITED: SWOT  
ANALYSIS

Figure 60 PRODUCT OFFERINGS

Figure 61 HINDUSTAN AERONAUTICS LIMITED: SWOT ANALYSIS

Figure 62 PRODUCT OFFERINGS

Figure 63 HINDUSTAN SHIPYARD LIMITED: SWOT ANALYSIS

Figure 64 PRODUCT OFFERINGS

Figure 65 MAZAGON DOCK SHIPBUILDERS LIMITED: SWOT ANALYSIS

Figure 66 PRODUCT OFFERINGS

Figure 67 ALPHA DESIGN TECHNOLOGIES PRIVATE LIMITED: SWOT ANALYSIS

Figure 68 PRODUCT OFFERINGS

Figure 69 PRECISION ELECTRONICS LIMITED: SWOT ANALYSIS:

Figure 70 PRODUCT OFFERINGS

Figure 71 ZEN TECHNOLOGIES LIMITED: SWOT ANALYSIS

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