



MANUFACTURING FOR INDIA'S DEFENCE DRIVES NEXT BIG CHANGE IN U.P.

Aerospace and defence could emerge as the cornerstone of the manufacturing-led rise for the emerging industry



UP to help India become self-reliant in defence production. All six nodes of the defence corridor are actively contributing to India's self-reliance in defence manufacturing

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Uttar Pradesh is scripting a new manufacturing story. As the defence industry looks for a new home for India's self-reliance, the state is looking to seize the opportunity and make the most of it. Defence manufacturing could be the holy grail and the state's policymakers and industry are coming together to script the change.

manufacturing in the state with the wider objective of reducing India's dependence on import of arms. Cutting down defence imports is now one of the national priorities. Uttar Pradesh is leaving no stone unturned to ensure that it can make good of the opportunity to align the state's policy with the national objective and bringing about a change in the economic fortunes of the state, with its push for aerospace and defence manufacturing. As India's defence exports reached an all-time high of Rs. 15,920 Cr by the end of financial year 2022-23 the manufacturing push from Uttar Pradesh could shape the defence manufacturing industry in India.

Ministry of Defence has set a goal to double aerospace & defence production to \$25 billion by 2025-26 and reach exports of \$5 billion.

SMALL STEPS FOR BIG STRIDES

As the first steps were taken, six nodes were identified for the defence manufacturing hub to be rolled out - Lucknow, Kanpur, Jhansi, Agra, Aligarh, Chitrakoot. The nodes are around the Golden Quadrilateral, which other state expressways add to the connectivity for the region and the industries that are setting up their units. For the state of over 25 crore people, the defence industry manufacturing hub has the potential to put it on the global map.

As the government programme was rolled out, ordinance factories like Hindustan Aeronautics (HAL), Bharat Electronics (BEL), Bharat Dynamics (BDL) and BrahMos Aerospace have



- 138 MoUs signed between UPEIDA, and public / private sector organisations
- 748.5 hectare land allotted to 41 industries, investment worth Rs/ 6095.61 crore expected
- Centres of excellence in collaboration with IIT Kanpur & IIT BHU
- Missile unit by Bharat Dynamics, Jhansi with Rs 400 crore investment
- BrahMos to be manufactured at Lucknow, with initial Rs. 300 crore investment
- Adani Defence & Aerospace plant inaugurated in Kanpur worth Rs 1500 crore
- New Technology Centre / Extension Manufacturing Centre (TCEC) coming up at Jhansi Node in PPP mode
- Defence Testing Infrastructure Scheme (DTIS) for communications, mechanical and material & unmanned aerial systems coming up
- DRDO planning to set up Defence Technology and Test Centre (DTTC) at Lucknow node



committed to setting up their manufacturing operations. Their planned investments could serve as a booster dose for defence manufacturing while it can serve as an incentive for other large companies to follow their footsteps.

Several companies are already at work bringing about a marked change. Among them, BrahMos has started work in Lucknow, while Armoured Vehicle Nigam, Tata Technologies, Global Engineering, and WV Electronics India have initiated their activities in Jhansi.

Ancor Research Lab is setting up its manufacturing in Aligarh, while Adani Defence Systems & Technologies is making its mark at Kanpur. Several others are at various stages of setting up manufacturing units.

While the large companies are setting up the mother unit, a policy has now been put in place for MSMEs to be a part of the bigger goal of indigenising defence production. Over 8500 MSMEs are working in the defence sector and the Ministry of Defence is

pushing for greater participation as part of the supply chain. It has set a target to engage with over 16,000 MSMEs in the next three years.

OPPORTUNITIES GALORE EMERGING

Defence is an industry where investors always look for a regular supply of orders. Whether it is the development of new products, services and supplies for existing ones or customising them to meet specific needs. With exports rising from UP, India's emergence as a defence manufacturing hub is also attracting investments in defence and aerospace sectors.

Modernisation of equipment (already in inventory) could be one of the early priorities, given the active need from borders and coastal areas. Keeping the essential gear and equipment in shape could be one of the early priorities to keep the essential systems functional. This will also ensure that despite the continued

global uncertainty, India's preparedness will not suffer due to supply chain disruptions.

IT services in India began nearly 50 years ago with small services jobs and have now grown into a \$250 billion industry. Defence manufacturing and services could perhaps be a bigger opportunity. Testing facilities in Uttar Pradesh for Hindustan Aeronautics, Troops Comforts, Advanced Weapons and Equipment and Gliders India could be the beginning of a new trend. Since sustained investments in manufacturing of different kinds are already being made, it could turn into a potent combination for the future.

In the aviation space, for example, there could be several opportunities as highlighted across different reports. It could include aircraft build works, helicopters, maintenance, repair and operations (MROs), unmanned aerial vehicles (UAVs), upgrades, servicing existing hardware and more.

FOCUS ON INTEGRATING STARTUPS

The role of startups in modernising manufacturing is critical. With the number of space tech companies partnered with ISRO in India's moon mission, it has opened a new door for the services to partner with them.

Technology Development Fund (TDF) of the Defence Research and Development Organisation (DRDO) is now helping identify and make funds available for the right companies to indigenise key defence technologies. 164 technologies have been indigenised for which over \$30 million, or nearly Rs 250 crore, has been sanctioned. Over 5200 companies are now engaged with the DRDO to ensure that its goals can be achieved.

With the manufacturing ecosystem being built, focus on working with startups and MSMEs, the fruits of the opportunities can be spread across the state and beyond. The manufacturing push will also create job opportunities for the country's most populous state, creating the need for skilling the masses to prepare for the unfolding opportunities.

A refreshed manufacturing-led approach is now heralding a new future for manufacturing in the defence sector.

