

Centre weighs ₹3,000 cr lift for drone ecosystem

Proposed amount is an 18x jump from the ₹165 crore outlay of previous PLI scheme

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NEW DELHI: India's nascent drone ecosystem is set to receive a ₹3,000-crore (\$360-million) booster shot, with the Centre planning a new production-linked incentive (PLI) scheme for the industry, three people aware of the development said on condition of anonymity.

"The incentives plan that's being discussed includes ₹1,000 crore (\$120 million) in PLI support for each of three verticals—drone R&D, testing and component infrastructure, and drone manufacturing," one of the officials cited above said, adding that the proposal is currently under evaluation by the ministry of civil aviation.

The proposed amount is an 18x jump from the previous PLI scheme's meagre ₹165-crore (\$20 million) outlay, which the officials said is in line with the on-ground impact and growth of domestic drone companies in the past three years. Further, the



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earlier PLI scheme only accounted for local drone manufacturing.

"The drone ecosystem has considerably evolved in the past three years, including scaling up of companies such as DroneAcharya, Ideaforge and Rattan India," the second person cited above said. "What we now need is a more holistic support package from the Centre."

The third official cited above added that consultations held by the aviation ministry earlier this year had seen suggestions for a ₹3,000-crore incentives package that would include design-linked incentives (DLIs) to promote design development for wide

classes of drones—including for defence and warfare, agricultural, and even consumers.

Drone company honchos and industry body Drone Federation of India (DFI) hailed the development, saying it would help India's drone industry move away from dependence on China and other countries. It is a fillip for an industry that is projected to grow from a value of just \$345 million in 2020 to \$9.7 billion next year, as per consultancy firm EY India and industry body Federation of Indian Chambers of Commerce and Industry (Ficci).

Emails sent to the aviation ministry on Friday remained

unanswered till press time.

The spectacular growth expected in drones, as per the EY-Ficci report, from \$345 million in 2020 to \$9.7 billion by 2025, is likely to see defence contracts contributing \$4.5 billion, while exports would make for 5%.

By 2030, the local market is tipped to be worth \$35 billion, with \$12 billion coming from defence supplies, and \$9 billion from commercial deals. Exports, meanwhile, could account for 16% of India's drone economy by the end of this decade.

Industry stakeholders said that to achieve this value including exports, a larger fiscal support programme is necessary. The previous scheme, announced in September 2021, only focused on domestic manufacturing of drones, and offered a limited outlay based on the nascent stage of the industry at the time.

Smit Shah, president of DFI, said the body has already made presentations to ramp up incentives in the industry. "There is a market need to reissue incentives that cover a broader base of the drone ecosystem, if India is to see a wide scale of development across the entire drone industry," Shah said.