

DRIVERS OF ATMANIRBHARTA

DESERVE THEIR RIGHTFUL DUES

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Quick Summary

Last Newsletter highlighted the urgent need to remove flaws in the Draft Defence Acquisition Procedure (DAP) 2026 with a view to realize its 'core objective' of building indigenous capability. This edition highlights a different class of industry players who take bold risks to fuel the 'Atmanirbhar' sentiment and how their rightful dues must be granted by the Govt.

Identifying the 'Vanishing Few'

What is indigenous capability? **Indian design, Indian development, Indian manufacture; period.** This 'trio' is easier said than achieved. It demands crores in indigenous R&D, creating an entire ecosystem of R&D engineers to 'innovate', design and development infra to give 'shape to ideas' and a manufacturing system to convert ideas to prototypes... to bulk manufacture... and beyond.



Who does it in our ecosystem? Essentially three players:-

<p>DRDO, DPSU, and Central Government Research Organisations... Govt money, risk on failure – NIL. Funds 'written off' as failed Project gets re-labeled as 'Technology Demonstration'.</p>	<p>Industry players using Govt money (IDEX, TDF, Make I). Again Nil or minimal risk on failure. Probably seek more funds for the next iteration?</p>	<p>Privately Self-Funded Indigenous R&D (PSFIR) vendors.</p>
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Who exactly is a PSFIR vendor?

It is a private Indian company that has designed, developed, and proven a defence product **entirely from its own capital**, with no government grant, no DRDO assistance, and no institutional safety net but producing the same strategic outcome as the other two.

This Newsletter would show how such vendors are a vanishing few and why they must get their due.

Risk profiling a PSFIR vendor

What risks a PSFIR vendor undertake? Many. When he starts to invest his **own capital** up-front on R&D, there is only an 'idea' in his mind which he 'may be' able to convert into a 'product' which 'may' meet the requirement of the Armed Forces as perceived by him 'today'. No guarantee that the product will be realized. No certainty whether it will meet the requirement of the Armed Forces and of course - **empty order book as of now.**

And what about the product? Well, that has to be **world class.** It must **pass** every operational requirement of the Forces. It must also **compete in cost** either with foreign vendors who themselves are heavily subscribed by their respective Govts to win export contracts abroad, or Indian vendors in the first two categories above. **A tall order indeed!**

And what if they were the only one to succeed with their product? Nah. The Single Vendor Case (SVC) stigma will kick in to undo years and decades of their hard work (sic).

The risks to PSFIR vendors are huge. **Any failure anywhere - the entrepreneur is ruined with crores down the drain!**

Giving PSIFR vendors their due

It is indeed to the credit of Indian Private Defence Industry that some entrepreneurs still come forward to take this risk and design world-class projects to **make our Armed Forces unbeatable in war.** They are ready to take risks... to innovate, to design something new, and to realize something at the cutting edge in full realization of what is at stake. **PSFIR vendors are thus the true drivers of the Atmanirbarta.** Of course these are very few; probably countable on fingers. The Govt must give them their rightful dues. What could be these? Here is a brief glimpse:-



What are the rightful dues of PSFIR vendors?

Acknowledge their existence. PSFIR must get an identity in the DAP as Indian company that meets the following conditions:-

<p>Conceptualised, designed, developed and proven a product in India entirely from private capital.</p>	<p>No direct or indirect government R&D grant, Make-I prototype funding, IDEX or TDF grant, DRDO or DPSU co-development assistance, or any other government-sponsored development finance received for the product.</p>	<p>The product has attained a Technology Readiness Level (TRL) of 7 or above, duly certified by any agency recognised or accredited by the Government of India.</p>
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Give them their due place

PSFIR vendors **must be clubbed together with DRDO/DPSU/Central Government Research Organisations** under Chapter V of DAP 2026 because these exactly do, what the Govt organisations do, except with no Govt funding and no safety net.

Cut out wasteful duplication

PSFIR vendors who have already realized a proven (TRL 7 or more) product using own capital **must not be required to re-enter a fresh government development pipeline** as per DAP procedure. This duplication is wasteful. Its product must be equated to DRDO product as if at post Critical Design Review (CDR) Stage.

A deserved SVC exemption

When DRDO/Research Organisations develop a product and in the absence of competition nominate Production Partners, these are not considered SVC. What about a PSFIR vendor who has developed a product all on its own? **It must also get the SVC exemption in the face of no competition.**

Playing Equal

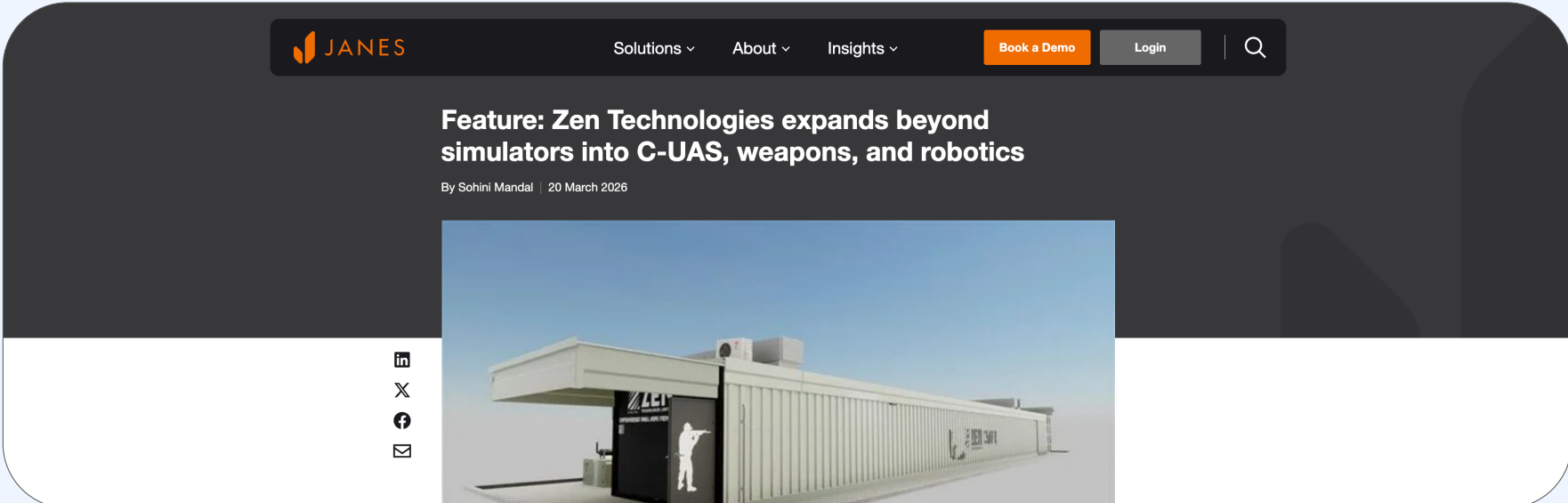
If a PSFIR product has won the contract, **the vendor must get the five-year reserved procurement rights as applicable to DRDO/Research organisations.** The logic for the same that government's investment in technology development warrants a period of procurement stability to recover value and sustain the industrial base applies equally to PSFIR, if not more.

Need to close the loophole

If IDDM is the foundation of indigenous capability, then this categorization which is in the DNA of PSFIR vendor **must not remain excluded in several other procurement procedures like he FTP, OCPP, LCCA and SPM.** IDDM is the thread that must run through the entire DAP without exception.

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