



# DRDO Policy for Transfer of Technology

2025



Directorate of Industry Interface & Technology Management  
DRDO Bhawan, Rajaji Marg  
New Delhi-110011



# DRDO

## Policy for Transfer of Technology 2025

**Directorate of Industry Interface & Technology Management**  
**DRDO Headquarters, DRDO Bhawan**  
**Rajaji Marg**  
**New Delhi-110011**



राजनाथ सिंह  
RAJNATH SINGH



रक्षा मंत्री  
भारत  
DEFENCE MINISTER  
INDIA



## MESSAGE

Today, technology has transformed conventional warfare into unconventional warfare. With the rapid changes in modern-day warfare, there is requirement of developing indigenous technologies in critical domains and further, there is a requirement of a robust mechanism for seamless transfer of these technologies from labs' cradle to industrial floor. Self-Reliance in the defence sector has witnessed success through indigenous projects such as Light Combat Aircraft Tejas, Main Battle Tank Arjun and DRDO Missile programmes.

In this context, the DRDO Policy for Transfer of Technology (ToT) is a step in the right direction to further enable Indian defence industry to absorb indigenously developed technologies at a faster pace and deliver turnkey weapons-systems, platforms and support systems to our armed forces.

It gives me immense pleasure to release the "DRDO Policy for ToT". It is a momentous step, which will reinforce the foundation of "Make in India" and "Make for the World", thereby enhancing the nation's defence preparedness.

**'Jai Hind'**

New Delhi  
06 Feb, 2025

**(Rajnath Singh)**



संजय सेठ  
SANJAY SETH



**MESSAGE**

रक्षा राज्य मंत्री  
भारत सरकार  
Minister of State for Defence  
Government of India

Government of India has an unwavering resolve to create a future-ready defence sector in the country, imbued with seamless situational awareness, flexibility at strategic and tactical levels, resilience, agility and integration with futuristic technologies.

The present geopolitical scenario has highlighted the importance of indigenous technologies in Defence sector. In-house R&D for conceptualisation and development, coupled with the expeditious transfer of technology to Indian industry for production and delivery of platforms and systems to the armed forces, is therefore key to *Aatmanirbhar Bharat* in defence production.

It is gratifying to see that DRDO has developed a wide range of crucial indigenous defence technologies across a multitude of disciplines spanning Aerospace, Armament, Electronics, Missiles, Soldier support, Naval systems and Materials. Guided by continuously evolving policies, the transfer of these technologies to Indian industries has gathered momentum, leading to induction of premier weapons systems in the Services.

The revised 'DRDO Policy for Transfer of Technology' is an important step manifesting in increased DRDO's commitment to Indian defence industries, affording additional impetus to the transfer of knowledge base. It is incumbent upon the industries to take advantage of the DRDO's initiative and come forward to garner technological knowledge and know-how, leading to strengthening of their own R&D efforts, in addition to production.

I congratulate DRDO for their effort in delivering this important policy and am sanguine that the industries will benefit from it, in turn boosting the overall national preparedness.

(Sanjay Seth)



डॉ. समिर वी. कामत  
Dr. Samir V. Kamat



सत्यमेव जयते

भारत सरकार  
Government of India



### MESSAGE

DRDO is the bastion of the nation for Atmanirbharta in defence technologies and continuously strives for expeditious propagation of developed technologies to Indian industries to metamorphose into Systems, articles and platforms. The efforts of DRDO in the years till now have led to the exponential growth of the Indian defence manufacturing base and have also fostered a clearly evident will to participate in the development and production of technology indigenously.

Having engendered the aspirations of a segment of Indian industries in this domain, DRDO now aims to further attract and encourage wider participation of industries towards absorbing DRDO developed technologies. The lessons learnt from the previous editions/iterations of the Policy for Transfer of Technology, coupled with the exponential increase in the number of MSEs and Start-ups and evolving industrial capability, guided the process of introspection and review of DRDO Policy for Transfer of Technology.

This edition is the outcome of exhaustive consultations with DRDO laboratories, Industry chambers and government departments and incorporates Industry-friendly procedures and automation of internal processes for ToT, thereby cutting down the timelines for transfer of technology to industries by DRDO. This is but another step in the continuously evolving symbiotic relationship between DRDO and the Indian Industrial eco-system.

I congratulate DIITM team for their effort in formulating this policy for simplification of Transfer of Technology. I am sure that this effort will further stimulate industries to take on technologies developed by DRDO and contribute to self-reliance in the country, while placing India on the global manufacturing map.

(Dr. Samir V. Kamat)





डा. चन्द्रिका कौशिक  
उत्कृष्ट वैज्ञानिक  
एवं  
महानिदेशक (पी सी एवं एस आई)

**Dr. Chandrika Kaushik**  
OUTSTANDING SCIENTIST  
&  
DIRECTOR GENERAL (PC & SI)



सत्यमेव जयते

रक्षा मंत्रालय  
MINISTRY OF DEFENCE  
रक्षा अनुसंधान तथा विकास संगठन  
DEFENCE RESEARCH & DEVELOPMENT ORGANISATION



### MESSAGE

DRDO is entrusted with role of developing technologies that can be produced into tangible systems crucial for the operational preparedness of our armed forces. Production is the last-mile in this vigorous process and calls for a relentless involvement of the DRDO with the manufacturing eco-system of the country, encouraging, guiding and supporting industry partners to keep up with the constantly evolving dynamics of defence production.

The present edition of DRDO Policy for Transfer of Technology is an enabler for Indian industries and manufacturing eco-system, and incorporates relevant Government policies and compliances viz Industrial License and Biological Diversity Act *et al.* The document also guides the industries on security measures to protect the 'Know How' garnered from DRDO and the classification of Transfer of Technology Documents. The essential aspect of Technology Absorption by industry is also brought out for information of industries at the outset.

I commend the efforts of Director, DIITM and his team for their insightful analysis, inclusive consultations and grasp of policies and industry dynamics, the outcome of which is this comprehensive policy. I am sure that this will go a long way in increasing defence manufacturing capabilities.



**अरुण चौधरी**  
निदेशक  
उद्योग संपर्क एवं प्रौद्योगिकी प्रबंधन निदेशालय  
**ARUN CHAUDHARY**  
Director  
Industry Interface and Technology Management



सत्यमेव जयते



एक कदम स्वच्छता की ओर

रक्षा अनुसंधान तथा विकास संगठन  
Defence Research & Development Organisation  
भारत सरकार, रक्षा मंत्रालय  
Government of India, Ministry of Defence  
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DRDO Bhawan, New Delhi-110011

### Message



DIITM is entrusted with role of the pivotal charter of transferring DRDO developed technology to industry partners and is actively engaged with Industries and production partners to facilitate Ease of Doing Business and garner feedback to evolve pro-industry policies and procedures.

During the implementation of the DRDO Policy and Procedures for Transfer of Technology- 2019, DIITM has been engaged in continuous introspection and evaluation of processes for the transfer of technology. Proactive interaction with Users, Industries, coupled with invaluable counsel from Directors General and Directors of DRDO, Additional Financial Advisor (R&D) & JS and IFA (R&D), has led to this edition of DRDO Policy for Transfer of Technology.

It introduces various industry-friendly initiatives and incorporates mechanisms to accelerate technology transfer, including the Industry application-cum-assessment form and revised templates for added convenience and expeditious processing. In addition, enhanced Expression of Interest (EoI) features and value-added information have been provided in the public domain for performance of due-diligence by Industries.

This policy is resonant with the national aim of *Aatmanirbharta*, and will give a fillip to the trajectory of Indian manufacturing eco-system with the faster availability of indigenous technologies to them. My heartfelt gratitude and appreciation is due to all the participants and 'Team DIITM' in this journey, whose efforts will come to fruition with the exponential growth in Industrial base and strengthening our nation.

*अरुण चौधरी*



DRDO/DIITM/ToT/Revision/Policy/99/D(R&D)/2025  
Government of India, Ministry of Defence  
Deptt. Defence Research & Development  
New Delhi-110011  
04 Feb 2025

To,

The Chairman  
Defence Research & Development Organisation  
Ministry of Defence,  
DRDO Bhawan, New Delhi-110011

**Sub: DRDO Policy for Transfer of Technology (2025)**

Sir,

I am directed to refer to GOI, MoD letter No DRDO/DIITM/ToT/Policy/2019-1/1328/D(R&D)/2019 dated 19 Aug 2019 and to convey the sanction of the President of India for promulgation of revised “**DRDO Policy for Transfer of Technology (2025)**” to the industry to enable them to manufacture products for supply to Indian Armed Forces/ Para Military/ State Police etc. or for sale in appropriate commercial market within India or Abroad (copy enclosed).

2. This letter supersedes the GOI letter No DRDO/DIITM/ToT/Policy/2019-1/1328/D(R&D)/2019 dated 19 Aug 2019 regarding DRDO Policy for Transfer of Technology. However, the existing ToT Procedures promulgated in Oct 2019 will continue to apply for procedural aspects till new procedure is promulgated.

3. This issues with the concurrence of JS & Addl FA (R&D) vide their Dy No. 437/JS & Addl FA R&D dated 04 Feb 2025.

Yours Faithfully,



(Kishore Kumar)

(Under Secretary to the Govt of India)  
Tel: 011-23007525

**Encl:** as stated above

Copy signed in ink to:-

PCDA (R&D), RK Puram, New Delhi  
DGADS, L-II Block, Brassey Avenue, New Delhi

Copy to:-

Addl FA(R&D), DRDO Bhawan New Delhi  
All DGs  
All Directors, Lab/ Estts  
All IFAs (R&D)  
US (R&D)



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# DRDO Policy for Transfer of Technology

## 1 Introduction

- 1.1 Defence Research and Development Organisation (DRDO) is mandated to develop defence technologies, systems and products that are required for Indian Armed Forces. DRDO develops defence technologies through projects executed by a network of laboratories. These laboratories are also engaged with industries and academia for research & development and production through various provisions like Development Contracts, Research Boards, Technology Development Fund (TDF) scheme, Extramural Research and Grant-in-Aid schemes. DRDO, through its Research & Development activities, has been developing technologies and generating Intellectual Properties (IPs). Matured technologies that are ready for production are transferred to Indian Industries. DRDO provides the relevant 'know-how' in the form of Technology Transfer Documents (TTD) and hand holding support to Industry. DRDO also provides the freedom to industries to carry out value addition to the base technology in consultation with DRDO to improve performance or economic viability. The transfer of technology by DRDO has made a significant contribution in enhancement of capabilities of Indian Defence Industry for production of indigenous systems.
- 1.2 Some of the defence technologies developed by DRDO also have utility in the civilian market. Such technologies are transferred to the industries with dual licensing rights of supplying to defence sector/ departments of GOI and also to civil market. Thus, Transfer of Technology (ToT) of DRDO developed technologies to Indian Industries contributes to self-reliance in defence technologies, Industrial Growth and National Development.
- 1.3 'DRDO Guidelines for ToT' were issued vide Government letter No. DRDO/CCR&D(SI)/DI<sup>2</sup>TM/07/ToT/2108/D(R&D), June 2015 followed by number of amendments issued thereafter by way of clarifications for simplifying procedural aspects to facilitate industry. Revised 'DRDO Policy and Procedures for Transfer of Technology' were issued vide Government letter No DRDO/DIITM/TOT/POLICY/2019-I/1328/D(R&D)/2019 dated 19/08/2019.

Thereafter, based on the experience gained from administering the ToT process for the last five years, the need was felt to further refine the ToT policy in order to simplify the process, reduce compliances burden and to encourage participation of MSMEs and Startups in defence sector by incorporating necessary changes in the existing policy framework. ToT procedures, which are by nature subsidiary instructions for implementation of the policy are elaborated and simplified to increase ease of doing business.

- 1.4 Definition: In this Policy, the term '**Technology**' has been used for any design, know-how, processes, products, system, sub-systems, components, devices, etc developed whose IP right or know-how/ know-why are owned by DRDO.

## 2 Objective

The objective of this policy is to disseminate DRDO developed technologies through a framework that ensures seamless and faster transfer of technology to industry(ies), promote ease of doing business, provide opportunities, support to industries, especially to MSMEs and Startups in defence manufacturing and dual use technologies to give required impetus to increase the growth and capabilities of defence manufacturing sector for achieving self-reliance in defence sector.

## 3 Scope

The policy will cover ToT of all technologies developed by DRDO and whose IP rights or know-how/ know-why are owned by DRDO, for manufacturing by industry and supply of products to Indian Armed Forces/ Paramilitary Forces/ State Police Force etc. and for sale within India or abroad.

## 4 Technology Categorisation

- 4.1 DRDO developed technologies are categorised as Category 'A' and Category 'B', as elaborated below: -

- i. **Category 'A'** – These technologies are military technologies and are referred to as "**MILTECH**". These are the technologies for which Indian Armed Forces/ Ministry of Home Affairs (MHA)/ other government agencies (both

Central & State) are the only end users. The ToT of Category 'A' technologies is given to Indian industries for manufacturing in India and sale to Indian Armed Forces and other Govt. Agencies (both Central & State) and also supply to other DcPP/ PA /DP /system /subsystem integrators including supply chain industries, subject to availability of End User Certificate.

ii. **Category 'B'** – These technologies are the **Dual use technologies** (including spin-off technologies) that are not security sensitive and have commercial potential beyond defence applications. The ToT of Category 'B' technologies is given for manufacture and sale in appropriate commercial markets within India and/ or abroad.

4.2 In case any technology under Category 'A' is found to have a demand in commercial market and Industry wants license for use in commercial markets, the technology valuation of ToT fee etc will be carried out as per provisions of Category 'B'. Suitable amendment to this effect will be made in the Licensing Agreement for Transfer of Technology (LAToT) with the approval of Secretary DD R&D and Chairman DRDO.

4.3 The DRDO developed technologies offered for ToT will be given on **Non-Exclusive** basis to industries. However, the number of licenses could be limited for the following reasons:

- i. Due to practical limitations on the support that could be given by the DRDO Labs/Estt for technology absorption by the industries.
- ii. To ensure the high quality of manufacture.
- iii. Security Sensitivity of Technology

4.4 **Categorisation Approving Authority:** The approval for categorisation of technologies as Category 'A' or Category 'B' and also approval of the number of licenses will be accorded by Director General (Production Coordination and Services Interaction) [DG(PC&SI)]. Any special condition (like recategorization, not publishing technology in public domain, any addition or deletion of qualification criterion for ToT, revocation of ToT, etc.) will be approved by Secretary DD R&D and Chairman DRDO.

**4.5 Definition of Indian Industry:** ToT will be carried out to Indian Industries which could include incorporation/ ownership models as per companies Act, Partnership Firm, Proprietorship and other types of ownership models as per relevant laws, complying with, besides other regulations in force and the guidelines/ licensing requirements stipulated by the Department for Promotion of Industry and Internal Trade (DPIIT) as applicable. For products not requiring industrial license, an Indian entity registered under the relevant Indian Law and complying with all regulations in force applicable to that industry will be classified as an Indian industry. Following two additional conditions will apply to the definition of Indian Industry.

- i. Ownership by Resident Indian Citizen(s). Industry is considered as 'Owned' by resident Indian citizen if more than fifty percent (50%) of the capital in it directly or beneficially owned by resident Indian citizens and / or Indian companies, which are ultimately owned and controlled by resident Indian citizen. This implies that the maximum permitted Foreign Direct Investment (FDI) shall be forty-nine (49%). No pyramiding of FDI in Indian holding companies or in Indian entities subscribing to shares or securities of the applicant company shall be permitted. Indirect foreign investment shall be accounted for in counting the forty-nine (49%) FDI.
- ii. Control by Resident Indian Citizens(s) (As defined in Companies Act 2013): 'Control' shall include the include the right to appoint majority of the directors or to control the management or policy decision including by virtue of their shareholding or management rights or shareholding agreements or voting agreements.

**4.6 Transfer of Technology to Foreign Entity or to an Entity with Foreign Equity:** Category 'B' are spinoff technologies and are non-security sensitive technologies in nature. Only category 'B' technologies are allowed to be given to Foreign Entity or to an Entity with Foreign Equity. The business potential has to be seen in the global perspective. However, such licenses may be granted to a foreign company with due approval of Secretary DD R&D and Chairman DRDO.

**4.7 Export of products / systems based on technologies transferred by DRDO will be subject to a prior approval as per prevailing policy of Govt of India. Secretary DD**

R&D and Chairman DRDO will be the competent authority for giving 'in-principle' approval for expanding the licensing region for 'manufacturing abroad' by Indian industry. However, in-principle approval for manufacturing abroad is subject to final export clearance by Govt of India.

## 5 Legal Agreements

During the process of Transfer of Technology, several Agreements are to be entered between DRDO and Industry. If an Industry is interested in getting details about the technology under transfer for their 'comprehensive understanding' before obtaining ToT, DRDO Lab/Estt may do so by entering /signing a **Confidentiality and Non-disclosure Agreement (CNDA)** with interested Industries, before exchanging any confidential information. Another agreement is the **Material Transfer Agreement (MTA)**, DRDO Lab/ Estt can transfer relevant materials/ products to the industry, on returnable basis so that industry can study and assess the nature of technology to decide whether Industry want to proceed with ToT or otherwise, under this agreement. **Licensing Agreement for Transfer of Technology (LAToT)** is entered between DRDO and the recipient industry where all relevant clauses for financial arrangement, Licensing regions, ToT & Royalty fee, period of validity, hand-holding support required, arbitration clauses, license revocation clause, etc are covered. The period of validity of LAToT will be as per approved Terms and Conditions for ToT. However, in general maximum period of validity of LAToT will be 10 years. ToT holder may approach DRDO before expiry for renewal of LAToT.

## 6 Transfer of Technology Fee and Royalty

6.1 For **Category 'A' technologies** the ToT Fees shall be estimated/ charged as follows -

- i) In Category 'A' cases, ToT Fees will not be charged from the following industry(s) for ToT of the particular technology for which industry is selected following due process: -

- a) **Development Cum Production Partner / Production Agency:** For Development cum Production Partner (DcPP)/ Production Agency (PA) selected for the system/ technology as per DcPP guidelines of DRDO vide no. DISB/DPP/27656/P-1/Para-72 dated 15 March 2019, as amended.
  - b) **DRDO Development Partner:** Industries which are engaged in development efforts of DRDO for the system/ technology through Development Contracts as per provision under chapter 12 of PM 2020, as amended.
- ii) For all cases other than these mentioned at Para 6.1 (i) above, ToT Fees (excluding GST), for Category 'A' technologies, shall be calculated and charged as follows:-
- a) 5% of Project Sanction Cost where projects are not closed.  
or
  - b) 5% of actual expenditure incurred for closed projects.  
or
  - c) 5% of apportioned Project Sanction Cost, in case Project is sanctioned for developing more than one system/ technology/ sub-project.  
or
  - d) 5% of expenditure incurred in case of development through buildup funds of the laboratory
- iii) In order to facilitate Industries/ DPSUs/PSUs, for case where ToT Fee exceeds Rs 50 Lakh (Rs Fifty Lakh), special payment terms (stage payment) for ToT Fee shall be as follows –
- a. 10% of the ToT fee shall be payable upfront at the time of signing of LAToT. Payment of balance (90% of ToT fee) shall be linked to either date of signing of the LAToT or with supply order(s) in the manner as recommended by CEC. However, in any case, irrespective of receipt of supply order or other terms as decided by CEC, maximum period for

payment of balance ToT fee should not be more than 5 years from the date of signing of LAToT.

- b. DPSUs/PSUs would provide Indemnity Bond and private industry(ies) would provide Bank Guarantee (BG) for balance ToT fees. The validity period for these Indemnity Bond (IB) and Bank Guarantee (BG) should be till the period of payment of full ToT fee as per approved terms and conditions of licensing agreement or 5 years whichever is earlier.

6.2 For **Category 'B' technologies** ToT Fees (excluding GST) shall be calculated and charged as follows: –

- i) Base line price of dual use technology for domestic & export will be estimated as:
  - a) 20% of Project Sanction Cost where projects are not closed.  
or
  - b) 20% of actual expenditure incurred for closed projects.  
or
  - c) 20% of apportioned Project Sanction Cost, in case Project is sanctioned for developing more than one system/ technology/ sub-project.  
or
  - d) 20% of expenditure incurred in case of development through buildup funds of the laboratory
- ii) For ToT of category 'B' technologies, Expression of interest will be sought from industries to explore the ab-initio market potential. If five or more industries have expressed their interest, ToT fees to be finalised as per para 6.2(i) above.
- iii) In case where interest received from less than 05 (five) industries, ToT fees will be decided through a bidding process. In such cases, ToT



fees will be the highest between maximum bid price received and estimated ToT fees as per para 6.2(i) above.

- iv) No stage payment of ToT Fee will be applicable for ToT of Category 'B' technologies.

### **6.3 Royalty**

6.3.1 Royalty payable by Industry, for both Category 'A' and Category 'B' technologies, where IPR rests with DRDO, will be charged on net sales value and will be as follows: -

- a) 'Nil' - For sales in India to defence services and Government departments. Also supply to other DcPP/PA/DP/system/ subsystem integrator including supply chain industries, subject to availability of End User Certificate.
- b) 2% - For sales in India to other than Government departments and for exports. However, any export will be subjected to the prior due approval of Government of India.

6.3.2 For other cases, Royalty to be decided as follows:

- i. In case where there is joint Intellectual Property Rights (IPR), as per the agreement of joint ownership of IPR.
- ii. Any other compliance requirement as per Govt regulation (Centre & State).

### **6.4 Goods and Services Tax (GST)**

The Goods and Services Tax (GST), as applicable on ToT fee and Royalty shall also be payable by licensee on Reverse Charge Basis.

### **6.5 Cost Estimation Committee (CEC) -**

A Cost Estimation Committee will be constituted for every ToT case covered under para 6.1(ii) and 6.2 above to recommend ToT fee, Royalty and other terms and conditions like stage payment, licensing region, licensing period, etc. The details of CEC constitution, terms of reference etc will be specified in the ToT procedures.

## 6.6 Approving Authority for CEC -

The recommendations of cost estimation committee (CEC) will be approved by following competent authorities:-

- i. **ToT Fee upto 5 Cr-** DG (PC&SI) with concurrence of Addl FA(R&D).
- ii. **ToT Fee above 5 Cr-** Secretary DD (R&D) with concurrence of Addl FA(R&D).

## 6.7 Regulation of ToTs given before promulgation of this policy

Technology transfer cases where LAToT has been signed will be regulated in the following manner -

- i. **Cases where industry has already paid full ToT Fee:** There will be no refund of ToT fee. However, Royalty will be payable as per Para 6.3.
- ii. **For cases, where industry has paid partial ToT Fee:** Balance of ToT Fee payable will be regulated as per Para 6.1 and 6.2 and Royalty as per Para 6.3 above. However, there will be no refund of ToT fee/ Royalty already paid
- iii. **For cases, where an industry(ies) has already paid partial/ full ToT Fee, and ToT needs to be given afresh to other industry(ies):** ToT Fee charged shall be equal to highest amount of ToT Fee paid by existing ToT holders or as per Para 6.1 and 6.2, whichever is higher. This will ensure level playing field among ToT holders. However, Industry will pay the Royalty as per Para 6.3.
- iv. **ToT Fees & Royalty for Informal technologies transferred in the past:** LAToT will be signed with industries at 'NIL' ToT fee for all previous technology transfer through MoUs/ document transfer, which were fructified before 31 Dec 2017 in order to formalize ToT for all such cases. In such cases 'NIL' Royalty will be charged for orders already executed or partly executed or repeat orders for which original supply order / contract was placed before 31 Dec 2017. However, Royalty will be payable as per Para 6.3 (after notification of this policy) for new supply order/Contracts placed after 1st Jan 2018.

## 7 Technical Assessment Committee (TAC)

TAC will be conducted only for cases covered under Para 6.1(ii) and 6.2 above. TAC is responsible for assessing/ shortlisting the technically and financially capable industry(ies) which are capable of successfully absorbing the technology and realising the system/ product based on the ToT.

- 7.1 **TAC Approving Authority:** Recommendations will be approved by DG (Technology Cluster).

## 8 Hand-holding Support by Laboratories

Hand-holding support would be provided by the laboratory for transferring the ToT as following:-

- i) Category 'A' : Free Hand-holding support will be provided in phases as deemed necessary for Category 'A' technologies as tabulated below:-

Sr. No.	Project Sanctioned Development Cost (Rs)	Cost/	Time period for Free Hand-Holding (considering 5 man-days per week)
i.	Below 50 Lakh		3 weeks (15 man-days)
ii.	50 Lakh to 5 Crore		6 weeks (30 man-days)
iii.	Above 5 Crore		12 weeks (60 man-days)

However, depending on the complexity of the technology, if additional free hand-holding support is required, the same can be recommended by the Cost Estimation Committee (CEC) on case to case basis.

- ii) Any technical assistance sought by industry beyond free hand holding period for Category 'A' will be given by DRDO as per following rates (excluding GST) (payable through e-MRO and applicable GST on reverse charge basis):-

- a) For Technical assistance in India

- DRDS (Scientist): @ Rs 5000/- (Rupees Five Thousand Only) per day per person
  - Non DRDS :@ Rs 3000/- (Rupees Three Thousand Only) per day per person
- b) For Technical assistance abroad
- DRDS/ Non-DRDS/ support staff: @ \$500 (Five Hundred US Dollar) per day per person.
- c) For any deputation, Travel expenses, boarding and lodging charges for DRDS/ non DRDS and support staff would be borne by Industry as per actuals and as permitted by Government rules.
- iii) For Category 'B': Hand-holding support would be provided only on chargeable basis as per para 8(ii) above.

## **9 Transfer of Technology of Defence Products/ Items/ High Energy Materials**

Manufacturing in defence sector is governed through industrial licensing under the Industries (Development and Regulation) Act, 1951 and Arms Act 1959/Arm Rules 2016. Prior to 2001, manufacturing in defence sector was limited to public sector companies only. However, in 2001, the Government allowed 100% participation by Indian private sector in defence manufacturing subject to licensing. Industry applying for ToT should have necessary permission/ clearance/ License from Department of Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce, Govt of India for items/ products falling in the list which require Industrial License for defence manufacturing. The licensees are required to follow the "Security Manual for Licensed Defence Industries", year 2014, as amended from time to time and notified by the Department, based on the product being manufactured and their categorization for which an industrial license is to be granted to a company. In addition to this, ToT of high energy materials/ components/ systems (involving explosives, propellants & pyro-materials) will be carried out only to industries fulfilling requirement of license issued by Petroleum and Explosive Safety Organisation (PESO).

## **10 Technology Absorption (TA) Certificate to Industry**

In case any industry requests for technology absorption certificate from concerned lab indicating that the technology has been absorbed by the industry, the same will be issued by Directorate of Industry Interface & Technology Management (DIITM), DRDO HQrs on the recommendation of the concerned Lab Director.

## **11 Renewal/ Extension of Licenses**

The LAToT may be renewed/ extended, if desired by industry. The concerned Lab may constitute a committee for recommending renewal/ extension based on industry complying all terms and conditions of LAToT, performance of the industry, sale of the product based on the technology and user feedback (if available). Lab will forward committee recommendations to DIITM DRDO HQrs after due approval by DG (Technology Cluster). DIITM will issue renewal/ extension certificate to the industry. Renewal/ extension of licensing agreement for category 'A' technologies will be done without charging any renewal/ extension fee. However, for extension of licensing agreement of category 'B' technologies will be done on payment by charging fee equal to last paid ToT fee by the industry.

## **12 Extent of Government's March-in-Rights Post-License/Sale**

12.1 The Intellectual Property Rights shall be governed as per Para 12.3 of DRDO Procurement Manual (PM-2020), as amended. However, for value addition and variants carried out by industry, exclusive 'Rights of use' may be granted to industry for the same. However, Intellectual Patent right on such new (improved) products/ variants shall vest with DRDO.

12.2 DRDO will have the March-in Rights to use the Intellectual Property (IP) for its own use in the interest of Government of India without any restrictions, irrespective of the nature of license granted in the ToT agreement. Even, in cases, where the outright sale of IP/Joint IP, DRDO reserves the March-in-rights to use the IP by Government of India for its Sovereign usage including further improvement, National Security, Research & Development purposes etc.

### **13 Transfer of Technology involving usage of Biological Resources**

The Biological Diversity Act, 2002, defines “biological resources” as plants, animals and micro-organisms or parts thereof, their genetic material and by-products (excluding value added products) with actual or potential use or value, but does not include human genetic material. No person shall, without the prior approval of the National Biodiversity Authority (NBA) (an autonomous and statutory body of the Ministry of Environment, Forest and Climate change, GoI), transfer the results of any research relating to any biological resources occurring in, or obtained from, India for monetary consideration or otherwise to any person who is not a citizen of India or citizen of India who is non-resident as defined in clause (30) of section 2 of the Income-tax Act, 1961 or a body corporate or organisation which is not registered or incorporated in India or which has any non-Indian participation in its share capital or management. Application for intellectual property rights falling under National Biodiversity Act not to be made without approval of National Biodiversity Authority.

ToT involving biological resources will be initiated only after approval of National Biodiversity Authority by concerned lab. Also, ToT recipient industry must intimate and obtain prior approval (if any) of State Biodiversity Board for obtaining biological resource for certain purposes or before commercialization. A suitable clause is included in LAToT regarding royalty and other benefit sharing for ToT of Technologies involving Biological Resources as per NBA “Guidelines on Access to Biological Resources and Associated Knowledge and Benefit Sharing Regulations”, as amended.

### **14 Uniform System of Item Identification**

Determination of the real source for an item of supply is one of the most important prerequisites for proper application of the Uniform System of Item Identification. For example, NATO Codification System uses NATO Commercial and Governmental Entity (NCAGE) codes principally to identify manufacturers. NCAGEs are broadly used in many countries in a variety of logistics processes. As such, they are often assigned to a variety of organizations, including

distributors, standards bodies, government organizations, and service providers. Standardization directives for codification have been issued by Directorate of Quality, Reliability and Safety, DRDO HQrs vide letter issued by DQRS, DRDO HQrs no DQRS/02/9240/M/1 dated 09 May 2022. Directorate of Standardisation (DOS) functioning under MoD/ DDP is responsible for codification and cataloguing of defense inventory. Towards this DOS has adopted NATO Codification System (NCS) framework. DRDO lab will obtain NCAGE number for the lab from Directorate of Standardization (DoS), DDP/ MoD. NCAGE shall be linked in LAToT and TTD to have traceability of the product designed and developed by DRDO. ToT recipient industry to include NCAGE number of the concerned DRDO lab as designer and it will be further linked to all parts of the Technology/Products transferred to industry while obtaining NATO Stock Number (NSN)/ Codification of the Technology/ Product.

## **15 Transfer of Technology (ToT) of technologies developed under Grant-in-Aid Scheme**

Technologies developed through DRDO-Industry-Academia- Centre of Excellence (DIA-CoE), Technology Development Fund (TDF), etc as a part of DRDO Grant-in-aid Scheme, shall be transferred, as required, to industries other than engaged in development of the technology.

Concerned Lab/ Estt must have know-how and TTD of the developed technology/ product and should also have provisions for the same in the contract/ agreement signed at the time of sanctioning of project under Grant-in-aid. In all such cases, concerned lab will initiate case for ToT as per ToT procedure of this Policy.

## **16 Transfer of Technology (ToT) involving sharing of Software Source Code**

The software, in both category 'A' & category 'B', will be given to ToT recipient industry without transferring source code and in approved format in executable files, binary etc. ToT holder can do customization of software as per user requirement such that there would be no need to access/ modify source code.

Based on user requirement, any necessary modification or enhancement in software feature/ interface etc. as requested by ToT holder may be carried out on chargeable basis by the Lab after due approval of competent authority as per policy in vogue to support industry. Such modification essentially requires access to the software code. However, IPR remains with DRDO.

In case, source code needs to be transferred to industry, a statement of case with justification can be attached with TNF for approval or forwarded at a later date when such requirement arises after ToT is completed. Such cases shall be duly recommended by Lab director, concurred by concerned DG (Technology Cluster) before seeking approval of secretary DD R&D and Chairman DRDO for exception or new aspect in ToT.

ToT fees in such cases to be charged equal to the expenditure incurred during the development of software with a suitable multiplier factor. The expenditure shall be worked out including man-hours, other resources which were not considered while estimating ToT Fee (without source code) of the technology and valuation of technology by 3<sup>rd</sup> party. DRDO will not be held liable for any liability/ responsibility what so ever in nature, once source code is transferred to industry.

## **17 Support to Micro, Small Enterprises (MSEs) and Startups**

MSEs and Startups selected under Govt competitions viz, Technology Development Fund (TDF), iDEX, etc in the field of deep-tech Defence technologies like artificial intelligence, quantum computing, robotics etc shall be provided support on priority.

DRDO developed technologies (required as feeder technology) may be transferred to the MSEs/ Startups, engaged in DRDO development activities in the relevant domain, at 50% (half) of estimated ToT fee. This will provide necessary support to enhance their capabilities, reduce developmental time and also decrease financial burden for developing technologies.



## **18 Deviations in ToT Policy**

There should normally be no occasion to deviate from Policy, however, if such a need arises, the case will be submitted for approval of the Hon'ble Raksha Mantri.



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