

India Is Opening Its Space Sector To Foreign Investment

India's space ambitions got a boost when it became the first country to land a spacecraft near the unexplored south pole of the moon in August 2023 - and the fourth to achieve a soft landing. However, despite its status as one of the few spacefaring nations worldwide, India only accounts for about 2% of the global space economy - valued at USD 630 billion per an April 2024 report by the World Economic Forum.



Historically, until the early 1990s, the Indian Space Research Organisation (ISRO) dominated India's space economy and industry, with involvement from the private sector confined to building according to ISRO specifications and plans.

To create a level playing field for non-governmental entities and facilitate their increased participation in end-to-end space activities, the Indian government initiated reforms in the space domain in 2020. These reforms aim to establish a robust space ecosystem by providing regulatory certainty to space operations involving various stakeholders. Consequently, the Indian Space Policy-2023 has been formulated as a comprehensive, dynamic, and integrated framework to implement these reforms. The primary vision of this policy is to enhance space capabilities and foster a thriving commercial presence in space, leveraging it as a catalyst for technology development. The government also amended the Foreign Direct Investment Policy (FDI Policy) in the space sector earlier this year, aiming to attract increased private investment from overseas.

The involvement of private entities in the space sector has become imperative due to the disparity in the global space economy. While global companies like SpaceX, Blue Origin, and Virgin Galactic have transformed the space sector, private sector involvement in India remains limited. However, India has outlined an ambitious 25-year vision plan for the space sector, which includes increasing its share in the global space economy to 10% in the next decade, setting up a human space station, and sending an Indian to the Moon by 2040.

To facilitate greater private sector participation, several distinct yet interconnected entities have been established under India's space policy:

1. In-SPACE, short for Indian National Space Promotion and Authorisation Centre, serves as a pivotal agency providing a single point of contact for clearance and authorisation across various activities within the space sector. These activities encompass constructing launch pads, procuring and trading satellites, and facilitating the exchange of high-resolution data. Moreover, both non-government entities (NGEs), including private enterprises, and government companies can avail themselves of access to technologies and products through this agency. Additionally, In-SPACE assumes a dual role: as a regulator, it issues guidance on liability matters, and as a promoter, it fosters the establishment of industry clusters. It also notified the 'Norms, Guidelines and Procedures for Implementation of Indian Space Policy-2023 in respect of Authorisation of Space Activities' in May 2024.
2. NSIL, also known as New Space India Limited, is the commercial arm of ISRO tasked with overseeing the manufacturing, leasing, or procurement of space-related components, technologies, platforms, and other assets from both the public and private sectors. Additionally, NSIL is responsible for commercialising space technologies and platforms that have been developed with public funds.

3. Department of Space: In addition to coordinating international cooperation in global space governance and programs alongside the Ministry of External Affairs, the Department of Space aims to provide general policy guidelines and act as the central department for implementing space technology. Moreover, it seeks to establish an effective system for resolving conflicts arising from space activities.

FDI Amendment

Amendments now permit 100% Foreign Direct Investment (FDI) in the space sector, aimed at attracting foreign investors. Entry routes are significantly liberalised, allowing the following percentages under listed categories:

No.	Activities	Percentage for Automatic Route	Percentage for Government Route
1	Manufacturing of components and systems/sub-systems for satellites, ground segment, and user segments.	Up to 100%	
2	Satellites-Manufacturing & Operation, Satellite Data Products, Ground Segment, and User Segment	Up to 74%	Beyond 74%
3	Launch Vehicles and associated systems or subsystems, Creation of Spaceports for launching and receiving Spacecraft	Up to 49%	Beyond 49%

Clubbed with a more liberalised FDI regime, India's space policy is well-placed to raise the trajectory of growth of the Indian space sector.