

## INDIA'S SPACE POLICY – THE GOVERNMENT CONTINUES TO PUSH FOR MORE PRIVATE SECTOR PARTICIPATION

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Indian Space Research Organization (“ISRO”) issued the Indian Space Policy - 2023 (the “**Space Policy**”) on April 20, 2023, after it received the approval of the Union Cabinet. The stated goal of the Space Policy is to be an *overarching, composite and dynamic framework to implement reforms* in the space sector in India.

### Background

The Space Policy follows the Indian government’s efforts in the past few years to encourage private participation in space as a sector. In November 2017, the Indian government published a draft of the Space Activities Bill, 2017 (the “**Space Bill**”). The preamble to the Space Bill emphasized the need for a national space legislation to support the overall growth of space activities in India and acknowledged the ever-increasing relevance for encouraging enhanced participation of non-governmental/ private sector agencies in space activities in India. Following the Space Bill (which is yet to be adopted as law), in June 2020, the Indian government, in a historic move, ended government monopoly in space activities and allowed participation of private enterprises in carrying out end-to-end activities in the space domain.

### Role of IN-SPACE

After private sector participation was allowed in June 2020, the Indian government created the Indian National Space Promotion and Authorization Centre (“**IN-SPACE**”) as a nodal agency for enabling private sector participation in space activities to boost India’s space economy. The Space Policy recognizes IN-SPACE as an autonomous government organization mandated to *promote, handhold, guide and authorize space activities in the country*. IN-SPACE is expected to periodically issue guidelines and procedures that will, among other things, promote the ease of doing business for private sector entities operating in the space sector.

Currently, IN-SPACE acts as a link between ISRO and private sector entities, for allowing the latter to utilize ISRO’s resources. In doing so, IN-SPACE primarily: (i) processes ‘Space Activity Applications’ from private sector entities; and (ii) provides space start-ups with access to design lab and facilities. IN-SPACE also runs a scheme to provide seed funding to innovative early-stage space start-ups.

The Space Policy, however, appears to envisage an even greater role for IN-SPACE, akin to that of an overall sector regulator. It will be interesting to see how IN-SPACE approaches the responsibility for ‘issuing guidelines and procedures’ to, *inter alia*, promote the ease of doing business in the space sector. Any effective ‘ease of doing business’ measure will require cooperation of several other authorities that usually regulate or affect the day-to-day functioning of an Indian enterprise.

## Scope of private sector participation

The Space Policy provides an indicative list of space activities that can be undertaken by private sector entities. The list includes, *inter alia*, procuring, leasing, or establishing communication satellites; establishing and operating remote sensing satellite systems; operating ground facilities for space operations; using Indian or non-Indian orbital resources to establish space objects for communication services; making International Telecommunication Union (ITU) filings through Wireless Planning Commission (WPC)/ Department of Telecommunications (DoT)/ non-Indian administrations to acquire orbital resources, etc.

Private participation and innovation in the space sector is still at a nascent stage in India. There is, however, considerable synergy between the space sector and sectors where private participation has long matured (as for instance, telecom), as also sectors which are growing in India (as for instance, geospatial and location intelligence services).

A conducive regulatory framework with a collaborative approach from relevant sectoral regulators will allow private sector entities to really reap the benefits of the Space Policy.

## Foreign participation in India's space sector

Space start-ups in India (almost all of which have come up in the last decade) are, primarily, involved in building small commercial satellites and constellations, and providing launch provider sourcing and ground station maintenance services. To a lesser extent, start-ups are involved in creating new rockets, delivery systems, propulsion systems, launch vehicles, and landers. Therefore, there is great potential for innovation in the Indian space sector and the space-tech industry.

Foreign investment can provide a significant boost to Indian start-ups as the space and space-tech industry is very capital-intensive. As on date, foreign investment up to 100% is allowed in Indian entities engaged in establishment and operation of satellites, albeit only with prior approval of the Indian government. It is widely reported that the foreign direct investment policy for the space sector is likely to be revamped by the Indian government and a revised policy is expected soon, which will further liberalize foreign investment in the space sector.

Other aspects of foreign participation will be technology sharing/ transfer between foreign entities and domestic entities and its impact on the competitiveness of ISRO's commercial arm (especially launching of commercial and third-party satellites). How India's Department of Space and IN-SPACe deal with the aforesaid aspects will ultimately determine whether the Indian space sector becomes a desirable destination for foreign participation.