



# DEFENCE MANUFACTURING



## MARKET SIZE

### Defence Production in India (US\$ billion)

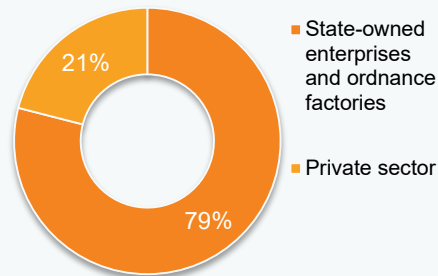


Note: F - Forecasted

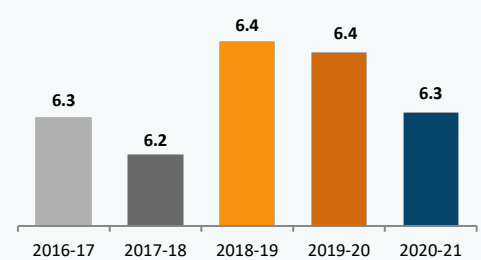


## SECTOR COMPOSITION

### Defence Production in India by Sector (%)

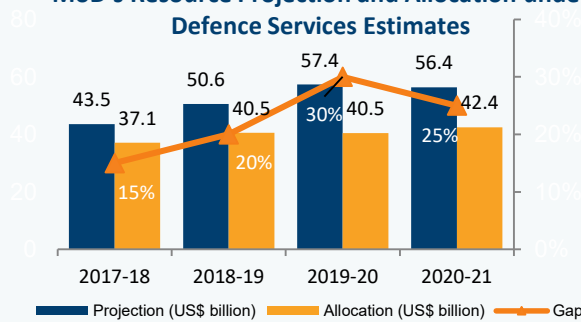


### Value of Production by Defence PSUs (US\$ billion)

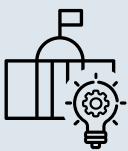
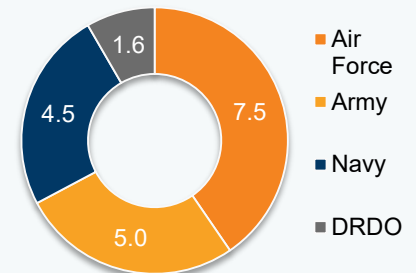


## KEY TRENDS

### MoD's Resource Projection and Allocation under Defence Services Estimates



### Breakdown of Defence Services in Defence Budget 2021-22



## GOVERNMENT INITIATIVES

**Increased Cooperation with Vietnam on Surveillance and Shipbuilding Technology**



रक्षा मंत्रालय  
MINISTRY OF DEFENCE

**Defence Production and Export Promotion Policy 2020**

**Defence Park in Kerala to Promote MSMEs and Boost 'Make in India' Initiative**



## ADVANTAGE INDIA

- **Growing demand:** Demand growth is likely to accelerate with rising concerns of national security.
- **Competitive advantage:** Government of India changed the automatic route limit for FDI in the defence sector to 74%; this will boost national security, self-sufficiency in product design, increase investments, income and employment.. India has the world's third-largest defence expenditure, as of 2021, and expects to export equipment worth US\$ 15.00 billion by 2026.
- **Government support:** To boost the 'Make in India' initiative in June 2021, the Defence Acquisition Council (DAC) approved proposal for the construction of six submarines under the strategic partnership (SP) model at an estimated cost of ~Rs. 43,000 crore (US\$ 5.79 billion). The government targets to have 25 AI defence projects by 2024. Of these, 21 projects were completed as of July 2021.
- **Opportunities:** India's proactive approach towards foreign mutual trade and rising joint agreements with foreign countries such as UAE, Kazakhstan and the US for joint defence manufacturing and strengthening defence ties— offer huge potential growth opportunities to boost defence manufacturing in India.