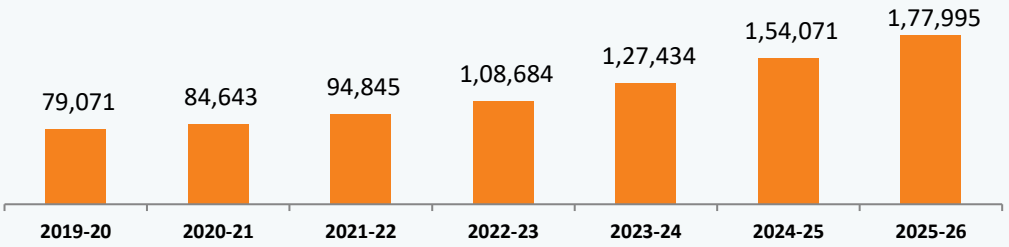
IBEF
INDIA BRAND EQUITY FOUNDATION

August 2026

DEFENCE MANUFACTURING

MARKET SIZE

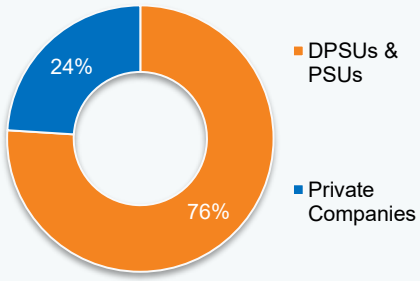
Defence Production in India (Rs. Crore)



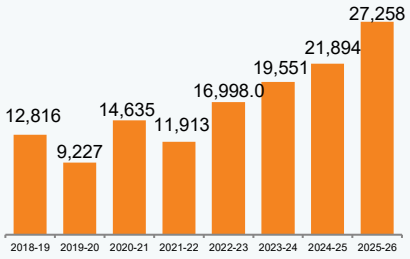
Source: *Ministry of Defence*

SECTOR COMPOSITION

Defence Production in India by Sector in FY26%)

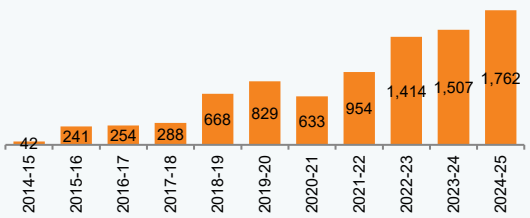


Value of Production by Defence PSUs (Rs. Crore)

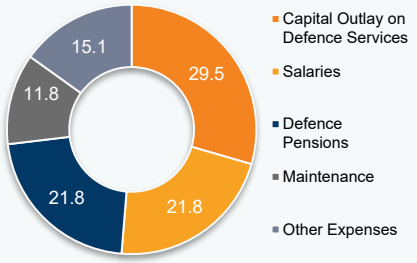


KEY TRENDS

No. of Defence Authorisations



Breakdown of fund allocation in Defence Industry as per the Budget FY27 (%)



GOVERNMENT INITIATIVES

Increased Cooperation with Vietnam on Surveillance and Shipbuilding Technology

रक्षा मंत्रालय
MINISTRY OF DEFENCE
सत्यमेव जयते

Defence Production and Export Promotion Policy 2020

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

ADVANTAGE INDIA

- **Growing demand:** As of March 2026, iDEX had engaged 676 startups, MSMEs and innovators, with 551 design and development contracts signed to accelerate indigenous defence technology development. Annual defence production reached a record Rs. 1,77,995 crore (US$ 20.14 billion) in FY26, up 15% from Rs. 1,54,071 crore (US$ 17.82 billion) in FY25. India's defence exports have witnessed a remarkable surge, growing from 23,622 crore (US$ 2.73 billion) in FY25 to 38,424 crore (US$ 4.35 billion) in FY26, marking an ~63% increase.
- **Competitive advantage**: India intends to deploy a constellation of 52 satellites over the next five years to enhance space-based surveillance for the Army, Navy, and Air Force, facilitating enemy tracking, border monitoring, and improved real-time operational coordination.
- **Government support**: The Union Budget for FY27 envisaged an outlay of Rs. 7,84,678 crore (US$ 88.7 billion). The allocation towards the Defence Ministry is the highest across all ministries and accounts for 14.7% of the total expenditure of the central government.
- **Opportunities**: In FY27 (April-August 2026), defence exports stood at Rs. 16,222 crore (US$ 1,709.28 million).
- In August 2026, the Department of Defence Production notified the sixth Positive Indigenisation list covering 405 strategically important items, with an estimated business potential of Rs. 3,070 crore (US$ 323.60 million), taking the total items under the first six lists to 5,417.

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