

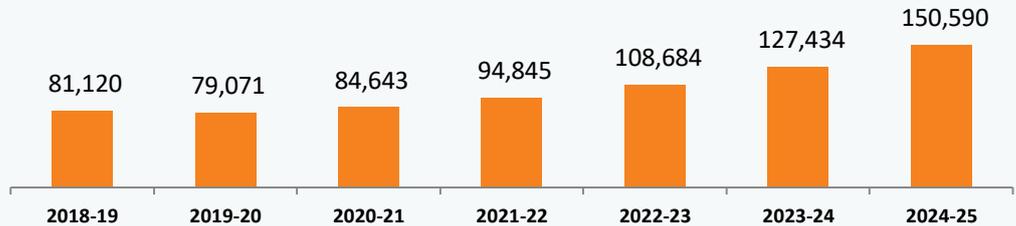


DEFENCE MANUFACTURING



MARKET SIZE

Defence Production in India (Rs. Crore)

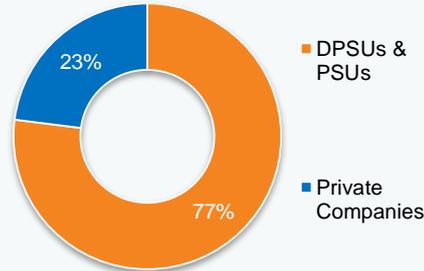


Source: Ministry of Defence

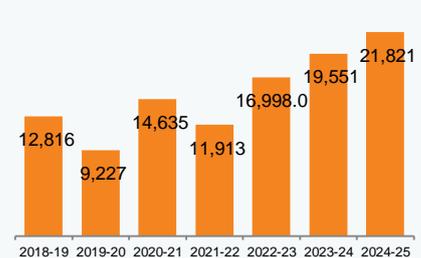


SECTOR COMPOSITION

Defence Production in India by Sector in FY25 (%)

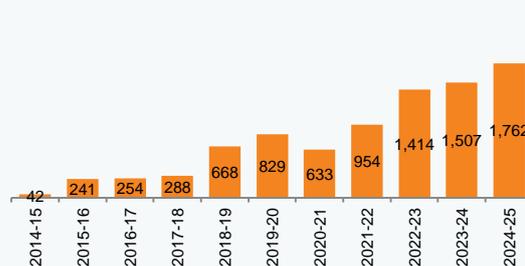


Value of Production by Defence PSUs (Rs. Crore)

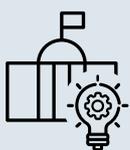
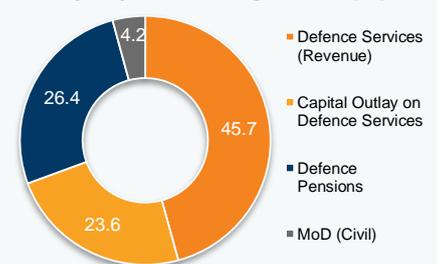


KEY TRENDS

No. of Defence Authorisations



Breakdown of fund allocation in Defence Industry as per the Budget FY25 (%)



GOVERNMENT INITIATIVES

Increased Cooperation with Vietnam on Surveillance and Shipbuilding Technology



Defence Production and Export Promotion Policy 2020

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



ADVANTAGE INDIA

- **Growing demand:** Till March 2025, a total of 700 industrial licenses were issued to 436 companies operating in the defence sector. Annual defence production reached a record Rs. 1,50,590 crore (US\$ 17.57 billion) in FY25, up 18% from Rs. 1,27,000 crore (US\$ 14.28 billion) in FY24 and 90% from FY20. India's defence exports have witnessed a remarkable surge, growing from Rs. 686 crore (US\$ 81.1 million) in FY14 to Rs. 23,622 crore (US\$ 2.8 billion) in FY25, marking a 34% 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 FY26 envisaged an outlay of Rs. 6,81,000 crore (US\$ 78.7 billion), represents an enhancement of 9.5% over the Budget of FY25. Under the Atmanirbhar Bharat Initiative, five positive indigenization lists of 509 products have been promulgated by the Department of Military Affairs and Ministry of Defence to be manufactured domestically for the defence sector, instead of being sourced via imports.
- **Opportunities:** As of February 2025, 549 problem statements have been opened, involving 619 startups and MSMEs, with 430 iDEX contracts signed.