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

- **Key Trend**: Increased cooperation with Vietnam on surveillance and shipbuilding technology.

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

- **DPSUs+ OFB**: 25%
- **Other PSUs and JVs**: 8%
- **Private Companies**: 67%

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

- 2018-19: 6.4
- 2019-20: 6.4
- 2020-21: 6.3
- 2021-22: 2.6

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

- **Projection (US$ billion)**: 43.5, 50.6, 57.4, 56.4
- **Allocation (US$ billion)**: 15, 20, 25, 25
- **Gap**: 2.6

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

- **Air Force**: 7.5
- **Army**: 5.0
- **Navy**: 4.5
- **DRDO**: 1.6

### Defence Park in Kerala to Promote MSMEs and Boost ‘Make in India’ Initiative

- **Government Initiative**: Defence Park in Kerala to promote MSMEs and boost ‘Make in India’ initiative.

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**Notes**:

- **Market Size**
- **Sector Composition**
- **Key Trends**
- **Government Initiatives**
- **Advantage India**

**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. The Government of India opened the defence industry for private sector participation to provide impetus to indigenous manufacturing.
- **Government support**: In November 2021, Defence Acquisition Council (DAC) boosted the ‘Make in India’ initiative by according Acceptance of Necessity (AoN) — to capital acquisition proposals worth Rs. 7,965 crore (US$ 1.07 billion) — for modernisation and operational needs of armed forces.
- **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.