

3. Make in India in Defence Sector- Internal Security

Despite high expectations, the defence announcements during the Russian President's visit did not materialise as India is more focused towards self-reliance in defence manufacturing

India's Shift in the Defence Sector- A Structural Transformation

Rising Defence Expenditure and Strategic Commitment- India's defence budget has increased steadily from ₹2.53 lakh crore (2013-14) to ₹6.81 lakh crore (2025-26), reflecting sustained political and strategic commitment to national security. Capital outlay has risen faster than revenue expenditure, signalling a shift towards modernisation, force readiness, and long-term capability creation. Higher allocations are aligned with India's evolving threat environment, including-

1. Two-front challenge along the northern and western borders
2. Expanding responsibilities in the Indian Ocean Region (IOR)

Transformation in Defence Production Capabilities- Defence production value has increased from ₹46,000 crore (2014) to ₹1.51 lakh crore, indicating a strong push towards indigenisation. India has reversed its historical import dependency-

1. Earlier- 65-70% dependence on imports
2. Now- ~65% of defence equipment is domestically manufactured

This shift strengthens supply chain resilience and reduces vulnerability to geopolitical disruptions and sanctions.

Surge in Defence Exports- From Importer to Exporter- Defence exports have risen sharply from ₹686 crore (2013-14) to ₹23,622 crore (2024-25) – a nearly 34-fold increase. Export basket reflects increasing sophistication and diversity-

1. Bulletproof jackets and personal gear
2. Dornier Do-228 aircraft
3. Chetak helicopters
4. Fast interceptor boats
5. Lightweight torpedoes

Major export destinations include USA, France, and Armenia, demonstrating growing acceptance of Indian defence products in advanced and emerging markets.

"Made in Bihar" military boots being inducted into the Russian Army underscores

1. Quality compliance with global military standards
2. Integration of MSMEs into global defence supply chains

Expansion of the Defence Industrial Ecosystem- India's defence industrial base now consists of-

1. 16 Defence Public Sector Undertakings (DPSUs)
2. 430+ licensed private defence companies
3. Nearly 16,000 MSMEs, forming the backbone of component manufacturing

This ecosystem promotes-

1. Distributed manufacturing
2. Regional industrial development
3. Employment generation in high-skill sectors

India has set an ambitious target of ₹3 lakh crore defence production by 2029, positioning itself as a global defence manufacturing hub.

Need for Defence Acquisition and Indigenisation Reforms

Strategic Autonomy and National Security- Reduced reliance on foreign suppliers ensures uninterrupted availability of spares, ammunition, and upgrades during crises. Enhances India's strategic autonomy, enabling independent foreign and security policy decisions.

Addressing Capability Gaps- India faces diverse and evolving security challenges

1. High-altitude warfare along the Himalayas
2. Desert operations in the west
3. Blue-water naval responsibilities in the IOR

Modernisation is essential to replace ageing platforms across the Army, Navy, and Air Force.

Reducing Import Bill and Strengthening the Economy- Indigenous production

1. Reduces foreign exchange outflow
2. Improves cost efficiency over the life cycle of platforms
3. Strengthens the domestic defence economy through multiplier effects

Strengthening the Domestic Defence Industrial Base- Indigenisation stimulates-

1. Innovation and R&D
2. Growth of private sector and MSMEs
3. Healthy competition with DPSUs

Faster Procurement and Operational Readiness- Domestic manufacturing shortens procurement cycles. Ensures timely induction and higher platform availability during emergencies.

Customisation and Terrain-Specific Design- Indigenous platforms can be customised for

1. High-altitude Himalayan terrain
2. Hot desert conditions
3. Long maritime endurance requirements

Facilitates continuous upgrades based on operational feedback.

Technology Sovereignty- Indigenous design and development ensures

1. Control over critical technologies
2. Freedom to upgrade systems without external approvals
3. Immunity from sanctions, technology denial regimes, and supply chain shocks

Defence Acquisition and Indigenisation Reforms- Key Initiatives

Defence Acquisition Procedure (DAP) 2020- Introduces 'Buy (Indian-IDDM)' as the highest-priority procurement category. Ensures that major acquisitions are sourced from indigenously designed, developed, and manufactured systems.

Simplified 'Make' Procedure

Make-I

1. Government funds up to 70% of development costs
2. Certain projects reserved for MSMEs

Make-II

1. Industry-funded with relaxed norms
2. Minimal paperwork and open proposal submission

62 projects across all three services have received Approval in Principle, accelerating innovation.

Liberalised FDI Policy in Defence

FDI limit raised to

1. 74% via automatic route for new licences
2. Up to 100% via government approval for access to advanced technology

Encourages capital inflow, technology transfer, and global integration.

Defence Testing Infrastructure Scheme (DTIS)- Aims to establish 8 Greenfield testing and certification facilities. 7 facilities approved in critical areas such as

1. Unmanned aerial systems
2. Electronic warfare
3. Electro-optics
4. Communication systems

Reduces dependence on foreign testing and certification.

Innovation Ecosystem- iDEX and TDF

Innovations for Defence Excellence (iDEX)- Supports startups, MSMEs, and academia with grants and challenge-based funding.

Technology Development Fund (TDF)- Provides up to ₹10 crore per project. Focuses on indigenous R&D for defence technologies. These initiatives democratise defence innovation beyond DPSUs.

Strategic Partnership (SP) Model- Introduced in 2017 to create long-term partnerships between-

1. Indian private firms
2. Global Original Equipment Manufacturers (OEMs)

Emphasises

1. Technology transfer
2. Domestic manufacturing infrastructure
3. Long-term capability building

International Defence Cooperation- India signed an Inter-Governmental Agreement with Russia (2019) to manufacture spares and components for Russian-origin platforms domestically. Enhances sustainability of legacy platforms and reduces import dependence.

Indigenisation Portals and Ease of Doing Business

SRIJAN Portal (2020)

1. Lists defence items earlier imported
2. Invites Indian industry to manufacture locally
3. 46,798 items listed so far

Licensing reforms

1. Many components no longer require licences
2. Licence validity extended from 3 years to 15 years, with possible extension

Improves investor confidence and long-term planning.

Conclusion

India's defence sector has undergone a structural and strategic transformation, moving from import dependence to indigenous capability creation. Policy reforms, private sector participation, MSME integration, and innovation-led growth have significantly enhanced defence preparedness. With a clear production target for 2029 and expanding export footprint, India is emerging as a credible, reliable, and responsible global defence manufacturing partner, while simultaneously strengthening its national security and strategic autonomy.

Source- <https://www.thehindu.com/news/national/india-response-to-russian-push-for-su-57-long-range-drones-and-submarines/article70380636.ece>