Research Unit
Press Information Bureau
Government of India

Make in India Powers Defence Growth

Production hit ₹1.27 lakh crore in FY 2023-24, Exports cross ₹21,000 crore

(Ministry of Defence)

March 24, 2025

Summary

India's defence production reached ₹1.27 lakh crore in FY 2023-24, marking a 174% rise since 2014-15, driven by the Make in India initiative.

Defence exports hit a record ₹21,083 crore in FY 2023-24, expanding 30 times in a decade, with exports to 100+ countries.

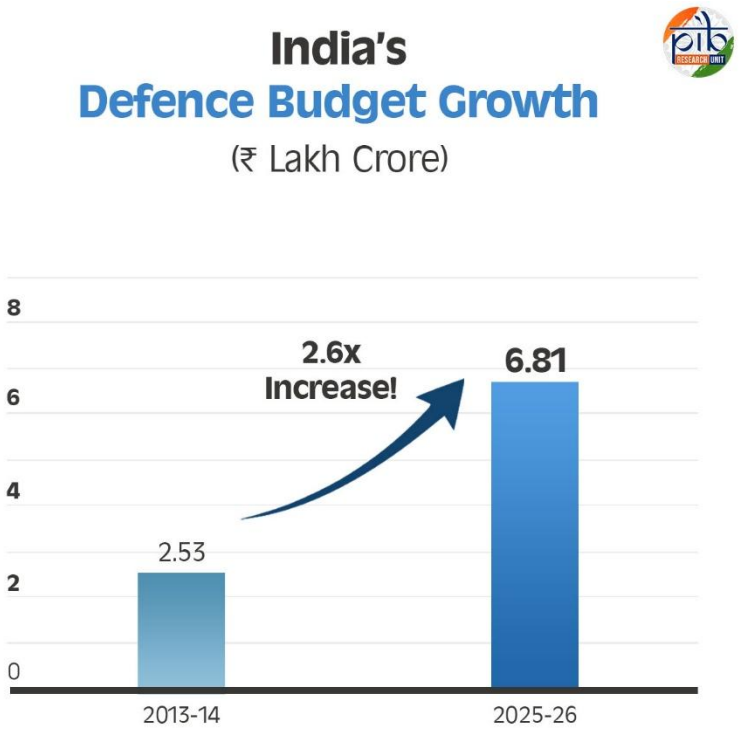
Initiatives like iDEX and SAMARTHYA are driving technological advancements in AI, cyber warfare, and indigenous weapon systems.

14,000+ items indigenised under SRIJAN and 3,000 under Positive Indigenisation Lists.

India aims for ₹3 lakh crore in production, ₹50,000 crore in exports by 2029.

Introduction

India's defence production has grown at an extraordinary pace since the launch of the "Make in India" initiative, reaching a record ₹1.27 lakh crore in FY 2023-24. Once dependent on foreign suppliers, the country now stands as a rising force in indigenous manufacturing, shaping its military strength through homegrown capabilities. This shift reflects a strong commitment to self-reliance, ensuring that India not only meets its security needs but also builds a robust defence industry that contributes to economic growth.

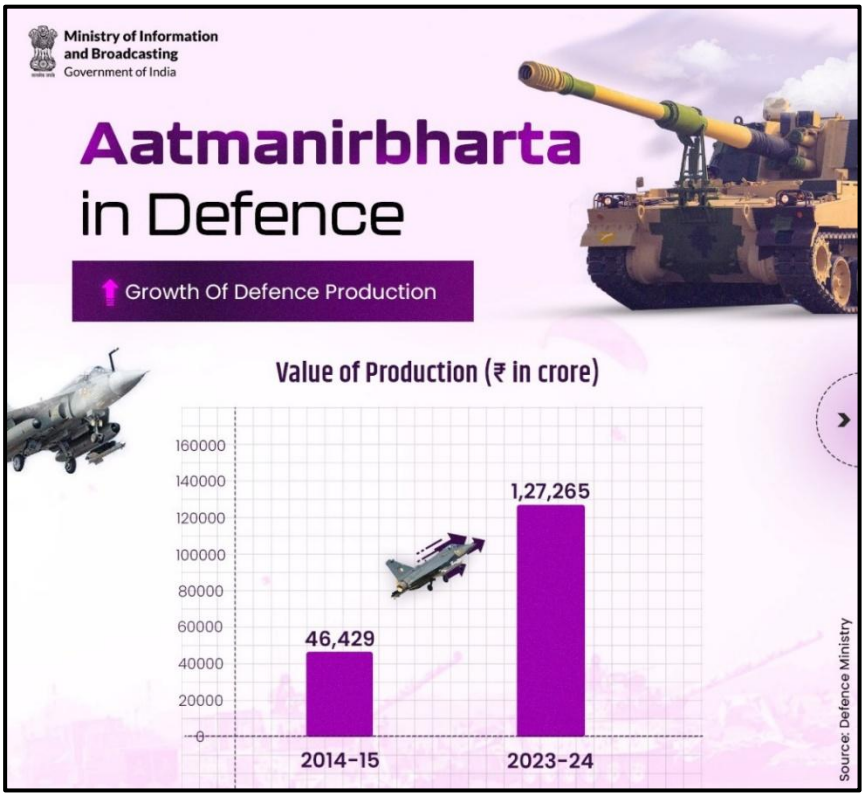


Strategic policies have fuelled this momentum, encouraging private participation, technological innovation, and the development of advanced military platforms. The surge in the defence budget, from ₹2.53 lakh crore in 2013-14 to ₹6.81 lakh crore in 2025-26, underlines the nation's determination to strengthen its military infrastructure.

This commitment to self-reliance and modernisation is reflected in the recent approval by the Cabinet Committee on Security (CCS) for the procurement of the Advanced Towed Artillery Gun System (ATAGS), a significant step in enhancing the Army's firepower. The deal includes 307 units of 155mm/52 caliber guns along with 327 High Mobility 6x6 Gun Towing Vehicles, equipping 15 Artillery Regiments under the Buy Indian–Indigenously Designed, Developed, and Manufactured (IDDM) category, at an estimated cost of ₹7,000 crore. Developed by DRDO with Bharat Forge and Tata Advanced Systems, ATAGS is a cutting-edge artillery system with a 40+ km range, advanced fire control, precision targeting, automated loading, and recoil management, thoroughly tested by the Indian Army in all terrains.

With modern warships, fighter jets, artillery systems, and cutting-edge weaponry being built within the country, India is now a key player in the global defence manufacturing landscape.

Surge in Indigenous Defence Production



India has achieved the highest-ever growth in indigenous defence production in value terms during Financial Year (FY) 2023-24, driven by the successful implementation of government policies and initiatives led by Prime Minister Shri Narendra Modi, focusing on attaining Atmanirbharta. The value of defence production has surged to a record high of ₹1,27,265 crore, marking an impressive 174% increase from ₹46,429 crore in 2014-15, according to data from all Defence Public Sector Undertakings (DPSUs), other public sector units manufacturing defence items, and private companies.

This growth has been bolstered by the *Make in India* initiative, which has enabled the development of advanced military platforms including the Dhanush Artillery Gun System, Advanced Towed Artillery Gun System (ATAGS), Main Battle Tank (MBT) Arjun, Light Specialist Vehicles, High Mobility Vehicles, Light Combat Aircraft (LCA) Tejas, Advanced

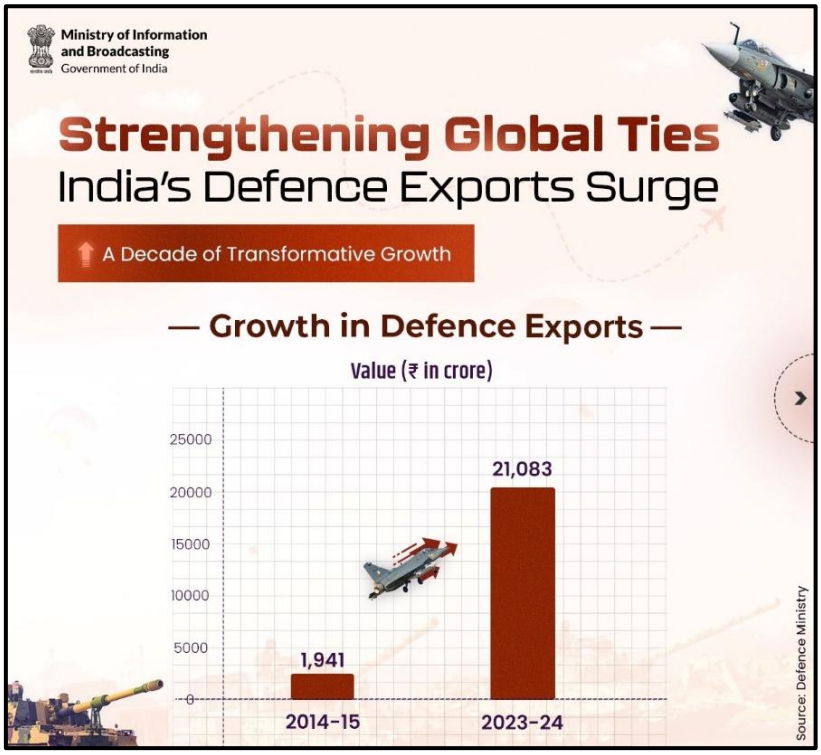
Light Helicopter (ALH), Light Utility Helicopter (LUH), Akash Missile System, Weapon Locating Radar, 3D Tactical Control Radar, and Software Defined Radio (SDR), as well as naval assets like destroyers, indigenous aircraft carriers, submarines, frigates, corvettes, fast patrol vessels, fast attack craft, and offshore patrol vessels.

Key points:

- ❖ 65% of defence equipment is now manufactured domestically, a significant shift from the earlier 65-70% import dependency, showcasing India's self-reliance in defence.
- ❖ A robust defence industrial base includes 16 DPSUs, over 430 licensed companies, and approximately 16,000 MSMEs, strengthening indigenous production capabilities.
- ❖ The private sector plays a crucial role, contributing 21% to total defence production, fostering innovation and efficiency.
- ❖ India targets ₹3 lakh crore in defence production by 2029, reinforcing its position as a global defence manufacturing hub.

Unprecedented Growth in Defence Exports

India's expanding global footprint in defence manufacturing is a direct result of its commitment to self-reliance and strategic policy interventions. Defence exports have surged from ₹686 crore in FY 2013-14 to an all-time high of ₹21,083 crore in FY 2023-24, marking a 30-fold increase over the past decade.



Key points:

- ❖ Defence exports have grown 21 times, from ₹4,312 crore in the 2004-14 decade to ₹88,319 crore in the 2014-24 decade, highlighting India's expanding role in the global defence sector.
- ❖ Defence exports surged by 32.5% year-on-year, rising from ₹15,920 crore in FY 2022-23 to ₹21,083 crore in FY 2023-24.
- ❖ India's diverse export portfolio includes bulletproof jackets, Dornier (Do-228) aircraft, Chetak helicopters, fast interceptor boats, and lightweight torpedoes.
- ❖ Notably, 'Made in Bihar' boots are now part of the Russian Army's gear, highlighting India's high manufacturing standards.
- ❖ India now exports defence equipment to over 100 countries, with the USA, France, and Armenia emerging as the top buyers in 2023-24.
- ❖ The government aims to achieve ₹50,000 crore in defence exports by 2029, reinforcing India's role as a global defence manufacturing hub while boosting economic growth.

Innovations for Defence Excellence (iDEX)

Launched in April 2018, Innovations for Defence Excellence (iDEX) has created a thriving ecosystem for innovation and technology development in defence and aerospace. By engaging MSMEs, startups, individual innovators, R&D institutes, and academia, iDEX has provided grants of up to ₹1.5 crore for developing innovative technologies. To further enhance self-reliance in defence technology, ₹449.62 crore has been allocated to iDEX, including its sub-scheme Acing Development of Innovative Technologies with iDEX (ADITI), for 2025-26. As of February 2025, 549 problem statements have been opened, involving 619 startups and MSMEs, with 430 iDEX contracts signed.

The scheme has three key objectives:

1. Facilitate rapid development of new, indigenised, and innovative technologies for the Indian Defence and Aerospace sector, to meet their needs in a shorter time span.

2. Create a culture of engagement with innovative startups, to encourage co-creation for Defence and Aerospace sectors.

3. Empower a culture of technology co-creation and co-innovation within the Defence and Aerospace sectors.

The recently launched ADITI scheme aims to support critical and strategic technologies such as satellite communication, advanced cyber technology, autonomous weapons, semiconductors, artificial intelligence, quantum technology, nuclear technologies, and underwater surveillance. Under this scheme, grants of up to ₹25 crore are provided to innovators.

Reinforcing its commitment to supporting startups and MSMEs, the Ministry of Defence has also cleared procurement of 43 items worth over ₹2,400 crore from iDEX startups and MSMEs for the Armed Forces as of February 2025. Additionally, projects worth over ₹1,500 crore have been approved for development.

SAMARTHYA: Showcasing India's Defence Indigenisation

The success story of indigenisation and innovation in the defence sector was highlighted at the Aero India 2025 event 'SAMARTHYA', which showcased India's progress in defence manufacturing. The event featured 33 major indigenised items, including 24 developed by Defence Public Sector Undertakings (DPSUs), the Defence Research and Development Organisation (DRDO), and the Indian Navy, along with nine successful innovation projects from iDEX.

Among the key indigenised items displayed were:

- **Electro Block of the Anti-Aircraft Machine Gun**
- **Electric Mobile Part for Submarines**
- **Torsion Bar Suspension for HMV 6x6**
- **Extruded Aluminium Alloy for LCA MK-I/II and LCH Components**
- **Indian High-Temperature Alloy (IHTA)**
- **VPX-135 Single Board Computer**
- **Naval Anti-Ship Missile (Short Range)**
- **RudraM II Missile**
- **C4ISR System**
- **DIFM R118 Electronic Warfare Systems**

The event further highlighted breakthroughs in AI-driven analytical platforms, next-generation surveillance systems, quantum-secure communication technologies, and counter-drone measures. Innovations like the 4G/LTE TAC-LAN, Quantum Key Distribution (QKD) system, Smart Compressed Breathing Apparatus, and Advanced Autonomous Systems for the Armed Forces reflect India's evolving defence landscape.

Efforts are ongoing to bridge the gap between the Indian Army's operational challenges and the innovative solutions developed by academia, industry startups, and research institutions. Additionally, the focus remains on conducting multi-domain operations in a data-centric environment, especially in light of emerging transformative technologies.

SAMARTHYA stands as a testament to India's commitment to self-reliance in defence technology, reinforcing its ability to develop advanced, home-grown solutions for national security.

Advancing Self-Reliance

India's pursuit of self-reliance in defence manufacturing has significantly reduced its dependence on foreign suppliers. Through strategic policies and indigenous innovation, the country is developing cutting-edge military platforms, strengthening both national security and economic growth.

Self-Reliant Initiatives through Joint Action (SRIJAN)

- Launched by the Department of Defence Production (DDP) in August 2020 to promote indigenisation under Atmanirbhar Bharat.

- Serves as a common platform for Defence Public Sector Undertakings (DPSUs) and the Armed Forces (SHQs) to list imported items for domestic manufacturing.

- As of February 2025, over 38,000 items are available, with more than 14,000 successfully indigenised.

Positive Indigenisation Lists (PILs)

- The Department of Defence Production (DDP) and the Department of Military Affairs (DMA) have issued five Positive Indigenisation Lists (PILs) for LRUs, assemblies, sub-assemblies, sub-systems, spares, components, and high-end materials.

- These lists set fixed timelines beyond which procurement will be restricted to domestic manufacturers.

- Out of over 5,500 items listed, more than 3,000 have been indigenised as of February 2025.

- Key indigenised technologies include artillery guns, assault rifles, corvettes, sonar systems, transport aircraft, light combat helicopters (LCHs), radars, wheeled armoured platforms, rockets, bombs, armoured command post vehicles, and armoured dozers.

Defence Industrial Corridors

- Two Defence Industrial Corridors (DICs) have been set up in Uttar Pradesh and Tamil Nadu to boost defence manufacturing. These corridors provide incentives to companies investing in the sector.

- Investments worth more than Rs 8,658 crore have already been made in the 6 nodes of UP viz. Agra, Aligarh, Chitrakoot, Jhansi, Kanpur and Lucknow and 5 nodes of Tamil Nadu viz. Chennai, Coimbatore, Hosur, Salem and Tiruchirappalli.

- As of February 2025, 253 MoUs have been signed, with a potential investment of ₹53,439 crore.

Ease of Doing Business (EoDB)

- The government has introduced several measures to improve ease of doing business in the defence manufacturing sector.

- The validity of export authorisation for parts and components has been extended from two years to the completion of the order or component, whichever is later.

- In 2019, the Defence Product List was streamlined to reduce the number of items requiring a manufacturing licence.
- Parts and components of defence items were de-licensed in September 2019 to encourage investment.
- The validity of defence licences under the Industries (Development and Regulation) Act, 1951, has been extended from three years to 15 years, with a further extension option of up to 18 years.
- Over 700 industrial licences have been issued to 436 companies in the defence sector.
- The introduction of an end-to-end digital export authorisation system has improved efficiency, with more than 1,500 authorisations issued in the last financial year.

MAKE Projects: Driving Indigenous Defence Innovation

The MAKE procedure was first introduced in the Defence Procurement Procedure (DPP-2006) to promote indigenous design and development in the defence sector. Over the years, it has been simplified and streamlined through revisions in 2016, 2018, and 2020, ensuring faster development of defence equipment, systems, and components by both public and private industries.

MAKE projects have been divided into three categories:

MAKE-I (Government Funded)

- Up to 70% government funding for prototype development (capped at ₹250 crore per Development Agency).
- Minimum 50% Indigenous Content (IC) required.

MAKE-II (Industry Funded)

- Focuses on import substitution, encouraging domestic industries to develop critical defence systems.
- No government funding, with a minimum 50% Indigenous Content (IC) requirement.

MAKE-III (Manufactured in India through Transfer of Technology - ToT)

- Involves manufacturing in India under Technology Transfer (ToT) from Foreign OEMs.
- No design and development but require a minimum of 60% Indigenous Content (IC).

Key points:

- As of March 24, 2025, a total of 145 projects have been undertaken under the MAKE initiative, with the participation of 171 industries, driving indigenous defence production.
- The initiative includes 40 MAKE-I projects (Government Funded), 101 MAKE-II projects (Industry Funded), and 4 MAKE-III projects (Manufacturing through ToT), strengthening self-reliance in defence manufacturing.

Other Key Initiatives

In recent years, the Indian government has implemented a series of transformative initiatives aimed at bolstering the country's defence production capabilities and achieving self-reliance. These measures are designed to attract investment, enhance domestic manufacturing, and streamline procurement processes. From liberalizing foreign direct investment (FDI) limits to prioritizing indigenous production, these initiatives reflect a robust commitment to strengthening India's defence industrial base. The following points outline the key government initiatives that have been pivotal in driving growth and innovation in the defence sector.

- **Liberalized FDI Policy:** Foreign Direct Investment (FDI) in the defence sector was liberalised in September 2020 to attract foreign investment, allowing up to 74% FDI through the automatic route and above 74% through the government route. Since April 2000, the total FDI in defence industries stands at $21.74 million.
- **TATA Aircraft Complex:** Tata Aircraft Complex was inaugurated in Vadodara in October 2024 to manufacture C-295 aircraft, boosting Atmanirbharta in defence with 40 made-in-India aircraft out of 56 under the programme.

- **Manthan:** The annual defence innovation event, Manthan, held during Aero India 2025 in Bengaluru, brought together leading innovators, startups, MSMEs, academia, investors, and industry leaders from the defence and aerospace sectors, reaffirming confidence in the government's commitment to technological advancements and Aatmanirbhar Bharat.

- **Defence Testing Infrastructure Scheme (DTIS):** DTIS aims to boost indigenisation by providing financial assistance for setting up eight Greenfield testing and certification facilities in the aerospace and defence sector, with seven test facilities already approved in areas like unmanned aerial systems, electronic warfare, electro-optics, and communications.

- **Priority for Domestic Procurement:** Emphasis is placed on procuring capital items from domestic sources under the Defence Acquisition Procedure (DAP)-2020.

- **Domestic Procurement Allocation:** MoD has earmarked 75% of modernisation budget amounting to Rs 1,11,544 crore for procurement through domestic industries during the current Financial Year.

Conclusion

India's remarkable strides in defence production and exports underscore its transformation into a self-reliant and globally competitive military manufacturing hub. The combination of strategic policy interventions, increased domestic participation, and a focus on indigenous innovation has significantly strengthened the country's defence capabilities. The surge in production, the exponential rise in exports, and the success of initiatives like the Make in India reflect India's commitment to achieving Atmanirbharta in defence. With ambitious targets set for 2029, the nation is poised to further expand its global footprint, reinforcing its position as a dependable partner in the international defence market while enhancing national security and economic growth.

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