



Drone Economy Takes Flight

GST Reforms for India's Drone Ecosystem

September 18, 2025

Key Takeaways

- **GST on drones** reduced from 18%/28% to a **uniform 5%**.
- Reform **ends classification disputes** and **ensures policy certainty**.
- **Boosts domestic drone manufacturing** under **Make in India**.
- **Expands drone applications** across agriculture, mining, logistics, and defence.
- **Expected to create jobs** in manufacturing, software, and field operations.

Introduction

Drones have emerged as transformative tools across sectors like **agriculture, defense, disaster management, and infrastructure development**. Recognizing their potential, the Indian government is intensifying efforts to **integrate drone technology into national development strategies**. Initiatives such as the 'Namo Drone Didi' scheme aim to empower **women-led Self-Help Groups (SHGs)** by providing drones for **agricultural services**, thereby enhancing productivity and creating livelihood opportunities. In the defense sector, the **Indian Army's Terrier Cyber Quest 2025** focuses on leveraging emerging technologies, including drones, to address **modern security challenges**. Furthermore, the government is facilitating the growth of the **domestic drone industry** by offering **affordable certification services** through the **National Test House**, supporting the 'Make in India' initiative. These concerted efforts underscore the government's commitment to harnessing drone technology for economic growth, national security, and social empowerment.



Working along the same lines, in the 56th Meeting of the Goods and Services Tax (GST) on September 3, 2025, the GST on **unmanned aircrafts (drones)** has been significantly reduced from the earlier 18% / 28% to a **uniform 5%** rate. This rationalization aims to encourage wider adoption of drones across sectors while also boosting domestic manufacturing under the **Make in India** and **Atmanirbhar Bharat** initiatives. A uniform tax structure will end classification disputes, provide policy certainty, and offer a predictable environment for businesses investing in this emerging industry.

Efforts by the Government of India to Promote the Drone Industry

The Government of India has taken several steps to promote the drone industry, aiming to make **India a global drone hub by 2030**. Key measures include the liberalised **Drone Rules, 2021**, creation of the **DigitalSky platform** for online permissions, and the **PLI Scheme for drones and components** to boost domestic manufacturing. Initiatives like **Drone Shakti** encourage Drone-as-a-Service startups, while training programmes through DGCA-approved institutes are building skilled manpower. Events such as the **Bharat Drone Mahotsav** further showcase indigenous innovations and strengthen the ecosystem.

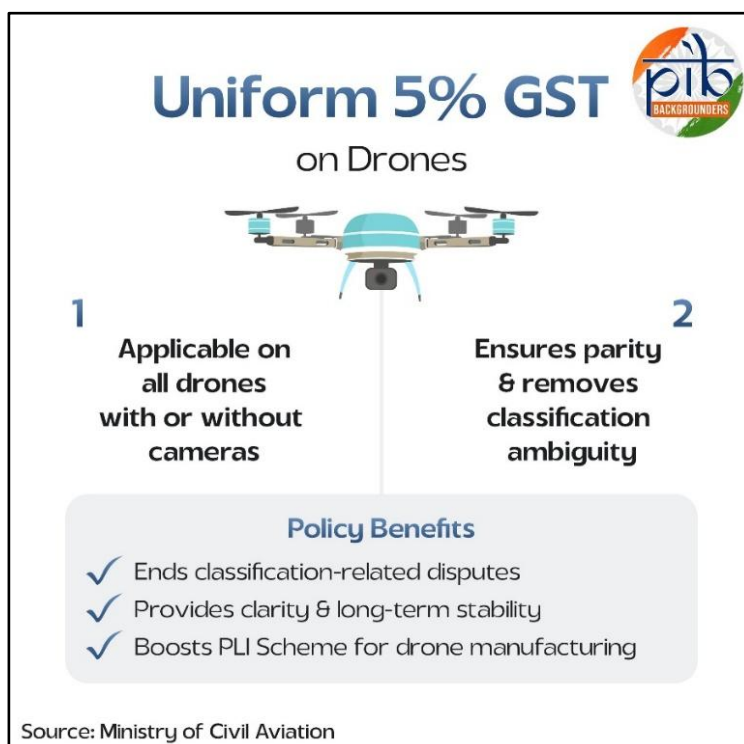
Key Highlights of GST Reduction on Drones

A. Uniform 5% GST Rate

- Applicable on all drones, irrespective of whether they are fitted with cameras or not.
- Ensures parity and eliminates ambiguity in classification.

B. Policy Benefits

- Brings an end to classification-related disputes.
- Provides long-term clarity and stability for the industry.
- Complements the **Production Linked Incentive (PLI) Scheme** for drone manufacturing and components.



C. Sectoral Benefits

- **Agriculture:** crop monitoring, pesticide spraying.
- **Petroleum & Mining:** pipeline inspection, asset monitoring.

Sectoral Benefits of Uniform 5% GST on Drones



- ✓ **Agriculture:** Crop Monitoring, Pesticide Spraying
- ✓ **Petroleum & Mining:** Pipeline Inspection, Asset Monitoring
- ✓ **Infrastructure:** Land Surveying, Mapping
- ✓ **Logistics:** Last-Mile Delivery
- ✓ **Defence & Security:** Surveillance, Monitoring
- ✓ **Emergency Response:** Disaster Relief, Rescue Operations

Source: Ministry of Civil Aviation

- **Infrastructure:** land surveying, mapping.
- **Logistics:** last-mile delivery solutions.
- **Defence & Security:** surveillance and monitoring.
- **Emergency Response:** disaster relief, rescue operations.

D. Economic and Employment Impact

- Expected to create new jobs in:
 - Drone manufacturing and assembling.
 - Software development and data analytics.
 - Field operations and maintenance.

Conclusion

This reform is a decisive step towards strengthening India's position in the global drone ecosystem. By ensuring affordability and promoting innovation, it is set to accelerate adoption across industries, generate employment, and contribute to India's vision of becoming a global hub for advanced technologies.

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