

Promoting Domestic Prosperity

A Comprehensive Analysis of Prioritising Indigenous Industries in Defence Procurements

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This article examines the current defence procurement landscape in India, with a focus on promoting indigenous industries through the 'Make in India' initiative. The objective of the article is to assess the impact of prioritising domestic industries in defence procurement policies, analysing both the benefits and challenges that arise from such an approach. It delves into recent revisions of the General Financial Rules (GFR), which have been designed to favour local industries, and how these revisions align with international frameworks like the Government Procurement Agreement (GPA) of the World Trade Organization (WTO). While the intention of prioritising domestic industries is clear, there are notable shortcomings in the current approach. These include limited capacity in domestic manufacturing, challenges in meeting the technological and quality benchmarks set by international competitors, and delays in procurement due to inefficiencies in local supply chains. To overcome these hurdles, the article argues for a more nuanced and strategic approach to defence procurement. Recommendations include enhancing collaborations between public and private sectors, incentivising research and development (R&D) within the defence industry, and fostering a competitive environment that encourages

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innovation. Drawing insights from successful global models, the article advocates for an improved policy framework that elevates domestic players while integrating them into the broader international defence ecosystem.

Keywords: *General Financial Rules (GFR), Government Procurement Agreement (GPA), Protectionism, Defence Production in India, Private Industries*

BACKGROUND

India, with its rich and diverse cultural heritage, has historically been a confluence of multiple societies and civilisations. The colonial era marked a significant turning point in its trajectory, particularly with the arrival of British colonial powers. The imposition of foreign control over the nation's geographical and political boundaries catalysed a movement aimed at preserving and revitalising the domestic ecosystem, with a strong emphasis on self-reliance. This sentiment was epitomised by the 'Swadeshi Movement', which began in Bengal and Punjab in 1860 and expanded to Pune in 1870, advocating for the use of locally produced goods as a means of resisting colonial dominance and promoting national industries.¹ In the post-independence era, India has consistently pursued self-sufficiency as a cornerstone of its development strategy. The Five-Year Plans, instrumental in guiding the nation's economic and industrial growth, have emphasised various aspects of self-reliance and socio-economic development. Notably, the Fifth Five-Year Plan (1974–79) underscored self-sufficiency, growth and redistribution as primary social objectives, aiming to achieve balanced and equitable economic growth.²

Despite these efforts, India's defence sector faces several challenges. These include inadequate long-term strategic planning, sluggish and cumbersome procurement processes, and a heavy reliance on foreign technology and imports. The sector's growth and pursuit of self-reliance are further hindered by a shortage of skilled professionals and insufficient private sector participation. Additionally, challenges related to quality control and maintenance of defence equipment exacerbate the difficulties in achieving defence indigenisation.³

To address these issues, India needs to prioritise several strategic actions. First, significant investment in research and development (R&D) is essential to foster innovation and technological advancements within the defence sector. Simplifying procurement procedures and enhancing the efficiency of these processes will also be crucial in reducing delays and bureaucratic hurdles.

Moreover, fostering collaboration between public sector entities and private industry is necessary to leverage diverse expertise and resources. Strengthening workforce development and liberalising the defence industry further will support the sector's growth and self-reliance. Adopting international best practices in procurement and manufacturing can also contribute to enhancing the sector's effectiveness and sustainability.⁴

One of the key policy frameworks designed to support this strategic shift is Rule 153 of the General Financial Rules (GFR) 2017. This rule mandates preference for locally manufactured goods and services in government procurement, reflecting the government's commitment to the 'Make in India' initiative. This policy aims to accelerate the growth of domestic manufacturing capabilities and increase the contribution of the manufacturing sector to the nation's gross domestic product (GDP). Rule 153 (iii) specifically emphasises the prioritisation of local vendors in defence acquisitions, underscoring the importance of indigenous content in defence procurement. The Ministry of Defence (MoD) has since reinforced this preference, resulting in a significant rise in domestic procurement. Between 2017 and 2021, the MoD awarded contracts worth approximately Rs 3.5 trillion (~US\$ 47 billion) to Indian companies, contributing to a 10 per cent growth in the country's defence manufacturing industry. The proportion of Indian vendors in defence procurement increased from 40 per cent in 2016 to 60 per cent by 2021, demonstrating the effectiveness of these directives in strengthening domestic manufacturing capacities and reducing dependence on imports.⁵

The strategic importance of a robust defence sector cannot be overstated. Effective defence capabilities are critical for national security, and any delays or inefficiencies in defence procurement can have profound implications on a country's ability to safeguard its interests. Prioritising domestic industry in defence procurement ensures a structured and sustainable growth of the sector, enhancing self-sufficiency and technological advancement. Initiatives such as the Innovations for Defence Excellence (iDEX) and the Defence Testing Infrastructure Scheme (DTIS) illustrate the government's commitment to fostering innovation and technological development in defence. Notably, iDEX saw a 93 per cent increase in funding, while DTIS experienced a 95 per cent enhancement in the same period.⁶ These initiatives are designed to leverage innovative ideas from across the country, catalyse technological advancements, and strengthen the defence industrial ecosystem.

Despite global trends towards self-sufficiency in defence, the prioritisation of indigenous industries in defence manufacturing and procurement

has yet to be explored in international academic and policy literature. This highlights the need for more comprehensive research to explore the challenges, opportunities and long-term impacts of integrating indigenous industries into the defence sector. Such research is essential for informing policy decisions and ensuring that indigenous industries play a central role in achieving defence self-sufficiency.

Countries worldwide offer valuable lessons in building robust economic strategies for defence, including developing diverse and resilient supply chains, enhanced R&D for innovation, government support and incentives, promoting exports and strengthening technology transfer agreements.⁷ The evolving policy landscape in India, marked by recent changes in the GFR and increased emphasis on domestic procurement, signals a positive shift towards a more self-reliant and resilient defence sector. This article will explore these dynamics, focusing on the need for policy adjustments and the progress achievable through increased domestic procurement and industry collaboration.

DEFENCE PROCUREMENTS IN INDIA'S CONTEXT

Since gaining independence, India has faced numerous conflicts and security challenges across its diverse geopolitical landscape.⁸ As one of the world's top five defence importers (Figure 1), India has encountered persistent issues with central arms procurement, including unwarranted delays that have impacted its armed forces' operational and strategic readiness. The increasing complexity of security threats, such as unconventional warfare and internal security roles, underscores the need for a robust and self-reliant defence sector capable of adapting to evolving threats.⁹

The rise in unconventional security threats, including asymmetrical warfare, terrorism and insurgencies, has expanded the role of the armed forces to include counteracting non-state actors in volatile regions. This shift highlights the necessity for a technologically advanced and self-sufficient defence sector. A comprehensive review of defence procurement policies is essential to align them with modern security requirements. Additionally, it is crucial to understand how internal security dynamics influence the integration of indigenous industries into the defence supply chain and how these industries can develop solutions tailored to emerging threats. Addressing these aspects will enhance the sector's preparedness for current and future security challenges.¹⁰

Conflicts between foreign arms dealers and national interests have led to significant delays and disruptions in procurement processes. Notable examples include India's withdrawal from the Fifth Generation Fighter Aircraft (PAK FA) project with Russia.¹¹ Such experiences have demonstrated the risks of over-reliance on imports, emphasising the need for a more self-reliant approach to defence preparedness.¹²

The historical context reveals that imports of high-quality defence equipment often come with limited Transfer of Technology (ToT), forcing reliance on Original Equipment Manufacturers (OEMs). This dependency has operational, financial and political implications for the country.¹³

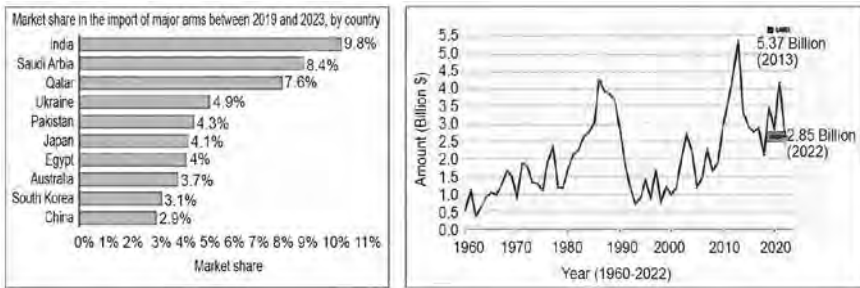


Figure 1 (a) Arms import in the world: 2019–2023 and (b) Arms Import by India Source: 'Arms Imports by Country 2019–2023', *Statista*, available at <https://www.statista.com/statistics/267134/share-of-individual-nations-in-the-import-of-conventional-weapons/>, accessed on 19 September 2024; 'India World's Top Arms Importer Between 2019–23: SIPRI', *The Hindu*, available at <https://www.thehindu.com/news/national/india-worlds-top-arms-importer-between-2019-23-sipri/article67943114.ece>, accessed on 19 September 2024.

India's defence ecosystem is a complex network involving the executive branch, defence manufacturing industry and armed forces. As of 2022, India ranks third globally in defence expenditure (Figure 2).¹⁴ The nation has made significant strides in defence exports, with Rs 16,000 crores worth of equipment shipped in the financial year 2022–23 and a target of Rs 35,000 crores by 2025.¹⁵ Provisions under Rule 153 of the GFR are expected to enhance the defence ecosystem's reach and expertise, addressing previous concerns about the viability and demand for domestic industries. This rule will apply to all capital procurement cases in the defence sector, reflecting a commitment to expanding domestic production capabilities.¹⁶

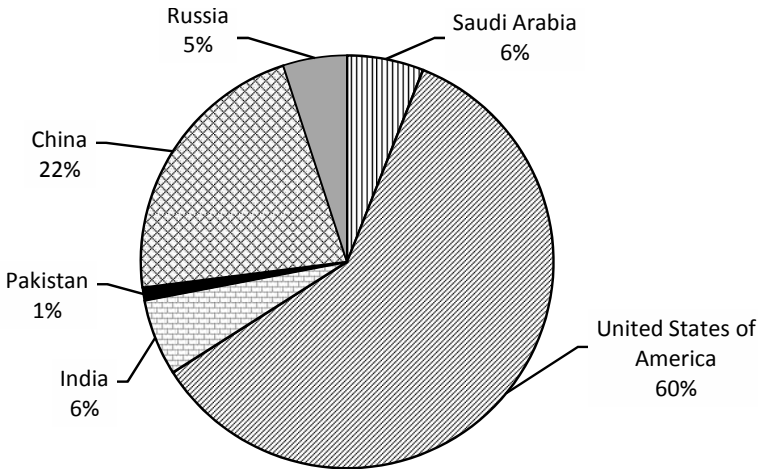


Figure 2 Military Expenditure 2022

Source: Compilation of Amendments in GFR, 2017 up to 31.07.2023, Ministry of Panchayati Raj, Government of India, available at <https://panchayat.gov.in/en/document/compilation-of-amendments-in-gfr-2017-upto-31-07-2023/>, accessed on 19 September 2024.

The Indian defence industry is crucial to national pride and operational effectiveness. The country's commitment to procuring 70 per cent of its defence needs from indigenous sources remains a central goal. Despite recent growth in the manufacturing and service sectors, including information technology, India continues to depend on foreign sources for significant portions of its weaponry (Figures 1 and 2). The pursuit of 'atmanirbharta' (self-reliance) is essential for advancing the modernisation of India's armed forces. Achieving this goal will require substantial involvement from private sector entities and Defence Public Sector Undertakings (DPSUs).

INDIGENISATION: CHALLENGES AND INITIATIVES IN THE INDIAN CONTEXT

The enhancement of domestic defence capabilities in India hinges significantly on integrating greater flexibility into existing procurement procedures, mainly to involve private sector participants more effectively. A prominent challenge is the 'No Cost-No Commitment' policy, which requires private firms to develop prototypes for defence projects without guaranteed contracts

or financial compensation.¹⁷ This policy poses a substantial economic burden, especially for small and medium-sized enterprises (SMEs), which may need more capital to undertake high-risk ventures. Consequently, many private companies must engage in defence projects, reducing innovation and competition within the sector.¹⁸

Exploring alternative procurement models that offer a more equitable distribution of risk and reward is crucial to overcoming these barriers. Potential models include co-development agreements, risk-sharing mechanisms and phased contract awards, which can provide financial incentives and security to private firms. Additionally, examining international case studies where similar policies have been successfully reformed could offer valuable insights for policy adjustments. Such reforms could unlock the full potential of the private sector, driving innovation and fostering a more competitive and dynamic defence industry.¹⁹

The Government of India has initiated several strategic policies to bolster the defence sector and promote self-reliance. The 'Make in India' campaign aims to boost manufacturing, create jobs and increase the sector's contribution to GDP by prioritising domestic production over foreign imports.²⁰ The 'Atmanirbhar Bharat Abhiyan' further supports this by focusing on modernising defence capabilities, with a notable increase in the defence budget for 2023–24. Key policies such as the Defence Procurement Procedure (DPP) 2016 and the Defence Production and Export Promotion Policy (DPEPP) 2020 are designed to enhance indigenous manufacturing and expand defence exports, particularly to nations like the Philippines.²¹

The Strategic Partnership (SP) Model and the establishment of Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu are initiatives aimed at integrating Micro, Small, and Medium Enterprises (MSMEs) into the defence sector.²² The iDEX programme is another significant initiative that encourages technological innovation by engaging start-ups, MSMEs and research institutions.²³ Despite these efforts, the Indian defence sector faces challenges, including reliance on imports, a complex regulatory framework, limited R&D capabilities and difficulties scaling production and exports. Moreover, the industry remains predominantly dominated by public sector undertakings, with limited private sector involvement, hindering growth.

Historical context provides insight into the evolution of India's defence industry. The first defence industry in India, the Gun and Shell Factory at Cossipore, Kolkata, was established in 1802.²⁴ By 1954, Bharat Electronics Ltd was formed to produce electronic equipment for the armed forces, and today, India has 39 Ordnance Factories and eight central DPSUs.²⁵ The

Industrial Policy Resolution 1956 categorised industries into three schedules, delineating the state's role in industrial development, including defence production. This policy framework laid the groundwork for the state's involvement in defence manufacturing, although its relevance to current challenges and initiatives needs reassessment. Given the evolving global defence environment, a critical evaluation of whether the 1956 classifications continue to meet the needs of modern defence procurement is essential.²⁶

Since 1991, private sector involvement in manufacturing components, assemblies and sub-assemblies has been permitted, reflecting a gradual shift towards greater private sector participation. India's membership in the World Trade Organization (WTO) since 1995 has influenced defence procurement practices. Although the WTO prohibits protectionism, member states have discretion under the Government Procurement Agreement (GPA) to restrict foreign participation in defence sectors for national security reasons. India's observer status in the GPA since 2010 presents an opportunity to protect domestic industries and ensure preferential treatment in defence procurement.

Recent reforms, including the GFR provisions, are poised to enhance self-sufficiency in the Indian defence industry by offering equal opportunities to private sector firms and encouraging their involvement in defence contracts. The successful experiences of countries like the USA and Israel, which have implemented price reservations and production preferences, provide valuable lessons for India. The government's decision to allow a 74 per cent foreign stake in private defence collaborations is expected to facilitate technology transfer and enhance the competitiveness of domestic industries. Despite the 26 per cent foreign direct investment (FDI) limit set in 2002, ongoing reforms aim to create a more robust and competitive defence sector in India.²⁷

GLOBAL EFFORTS FOR STRENGTHENING DOMESTIC DEFENCE CAPABILITIES

Countries worldwide have leveraged frameworks the WTO and the GPA provide to bolster and safeguard their domestic defence industries. The recommendations from the Kelkar Committee, established in 2004 to address Public–Private Partnerships (PPPs) in infrastructure, offer valuable insights applicable to defence sector enhancements globally. Although initially focused on infrastructure, the committee's suggestions for independent regulators with specific mandates and expedited dispute resolution are crucial for improving defence infrastructure. The recommendation to amend the

Arbitration Act to enforce time limits on hearings aligns with the need for prompt resolution in defence projects, where delays can impact national security. The committee also advocated for institutionalised mechanisms to resolve issues swiftly during project execution, a principle highly relevant to the defence sector, where timely completion is critical.²⁸

Integrating these principles into defence policy can create an environment that supports quicker planning, faster fund releases and efficient infrastructure development. Such measures align with global best practices in enhancing defence readiness and resilience.

The success of recent initiatives aimed at increasing local industry participation in defence production reflects a broader trend of adapting to internal and external environmental changes. By assessing international defence industry practices, countries can evaluate their proficiency and productivity levels and integrate effective strategies like the latest GFR provisions.

In the United States, the defence sector's reliance on private industry highlights several advantages. Private companies bring cutting-edge technology and business acumen that are critical in a rapidly evolving defence landscape. The private sector's ability to swiftly adapt to technological advancements and competitive pressures ensures that it maintains a technological edge, contributing to national security and defence readiness.²⁹

Australia's Defense Industry Support Program exemplifies how national policies can foster domestic defence capabilities by supporting local industries and developing national facilities.³⁰ Similarly, Russia's strategic reforms in 1991, initiated by the Ministry of Economy, focused on creating corporate structures capable of comprehensive research and production of defence systems.³¹ This approach mirrors the global trend of integrating private partnerships into defence production to enhance capabilities and efficiency.³²

The latest Defence Policy from the UK, published in 2021, underscores the need for a competitive defence industry and a robust production and trade repository. The policy emphasises utilising the country's economic potential and adapting the Defence and Industry Security Strategy (DSIS) to ensure an integrated and innovative defence industry.³³ The establishment of the Ministry of Defence Production aims to involve local industry in defence production, harmonising expertise from both public and private sectors to enhance the production and procurement of defence equipment.³⁴

These global efforts and policy advancements highlight the importance of integrating private sector innovation, adapting to technological changes,

and fostering domestic capabilities to ensure a resilient and effective defence industry.

ORGANISATIONAL AND INDUSTRIAL ANALYSIS OF INDIA'S DEFENCE SECTOR

Strategic Partnership Model and Policy Reforms

The Defence Acquisition Council approved the Strategic Partnership Model in 2017, facilitating private sector involvement in manufacturing advanced weaponry and equipment for the Armed Forces. Key examples include the production of K9 Vajra Artillery Guns by Larsen & Toubro and Tata Group's contribution to manufacturing surveillance radars for the Indian Navy. These projects mark a significant step towards the 'Make in India' initiative, emphasising local procurement of defence inventory.³⁵

The shift in government policy has opened doors for private industries, allowing them to overcome entry barriers into the defence manufacturing sector. This change creates increased opportunities for private companies to actively participate in the production of defence equipment. The amendment in the GFR supports this by offering a competitive alternative for private industry, breaking away from the long-standing protectionist approach that dominated the sector since independence. As a result, consumers, including the Armed Forces, will benefit from enhanced competition. The increased number of domestic production centres will strengthen the buyer's position, enabling better negotiation power, particularly as defence products will be procured in larger volumes. Moreover, private sector companies, with their international exposure, will bring advanced technical expertise, which could improve the price-performance ratio of domestically produced defence equipment compared to imports. Key factors such as price, quality, product introduction and customer service are expected to differ significantly between private sector procurements and those from international sources or DPSUs. Therefore, the domestic industry is poised to secure a significant role in the defence procurement landscape.

Industrial Analysis Using PESTLE Framework

The industrial analysis can be a suitable feeder for the new policy's success. The industrial progress and future of the involvement of the domestic sector can be analysed by taking the condition of various universally acceptable measuring tools, which include the political, economic, social, technological, legal and environmental factors (PESTLE analysis).³⁶

Political Factors

The government's strategic reforms, aligned with the national vision of self-reliance under initiatives like 'Atmanirbhar Bharat', have significantly reshaped defence procurement policies. By syncing national policies with global defence trends, these reforms have created new opportunities for domestic industries to play a crucial role in the country's defence manufacturing ecosystem. This political shift is opening up the defence sector to private players, helping foster a competitive environment while reducing reliance on foreign imports.

Economic Factors

India's robust economic growth, coupled with positive projections for its GDP, has created a fertile environment for domestic industries to expand their participation in defence manufacturing.³⁷ With economic policies favouring industrial growth, defence manufacturing has emerged as a focus area. This economic momentum not only allows industries to scale up their operations but also encourages them to invest in modernising their production processes, making them more competitive on both domestic and international fronts.

Social Factors

Public sentiment has increasingly shifted towards favouring domestically produced goods, particularly in defence. The growing support for 'Made in India' products reflects a social preference for indigenous solutions over imported alternatives.³⁸ This cultural shift strengthens the demand for locally produced defence equipment, promoting self-reliance and fostering national pride in homegrown industries.

Technological Factors

India's upward trajectory in the Global Innovation Index, ranked 40th globally by the World Intellectual Property Organization (WIPO) in 2023, underscores the country's growing investment in R&D.³⁹ Technological advancements across various industries, including defence, are empowering domestic manufacturers to meet the sector's evolving needs. As India strengthens its R&D capabilities, domestic industries are better positioned to integrate cutting-edge technologies into defence production.

Legal Factors

The flexibility provided by international agreements such as the WTO and GTA offers India the ability to strengthen its defence manufacturing

sector, similar to how other nations like the USA have prioritised their local industries.⁴⁰ Leveraging these legal provisions, India can prioritise domestic production and create a more favourable environment for local manufacturers to thrive in the defence sector.

Environmental Factors

The adaptability of Indian industries to evolving work cultures, management styles and productivity demands aligns well with the requirements of defence production. These environmental factors play a crucial role in improving industrial performance, enhancing efficiency and driving innovation within the defence manufacturing landscape. This adaptability, combined with government support, positions Indian industries as key contributors to national defence production efforts.⁴¹

Strategic Policy Adoption for Private Sector Empowerment

To strengthen the private sector's involvement in the defence industry, the government has introduced two pivotal policies. These policies, outlined in the Defence Production and Export Promotion Policy (DPEP 2020) and Defence Acquisition Procedure (DAP 2020), provide comprehensive guidelines on defence production, export promotion and acquisition strategies in line with national defence needs.⁴² DPEP 2020 was released on 3 August 2020, followed by DAP 2020 on 28 September 2020. These reforms have facilitated a transition of numerous engineering firms into defence manufacturing, with over 460 licenses issued to private companies for defence production. Significant efforts have been made to streamline investment and licensing procedures, ensuring greater participation from the private sector.

Since the launch of the Start-Up India initiative, defence start-ups have gained considerable momentum. Platforms like iDEX now provide start-ups with a direct channel to engage with defence agencies. Leading Indian private sector companies in defence manufacturing include Larsen & Toubro, Hinduja Group (Ashok Leyland Defence Systems), Adani Group, Tata Motors, Bharat Forge Limited, Mahindra & Mahindra (Tech Mahindra) and Kalyani Group. The key DPSUs that have benefitted from these policy changes include Mazagon Dock, Garden Reach Shipbuilders and Engineers (GRSE), Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL) and Bharat Heavy Electricals Limited (BHEL). These DPSUs, known for their expertise, financial stability and diversification, are expected to experience further growth under the new policy framework.

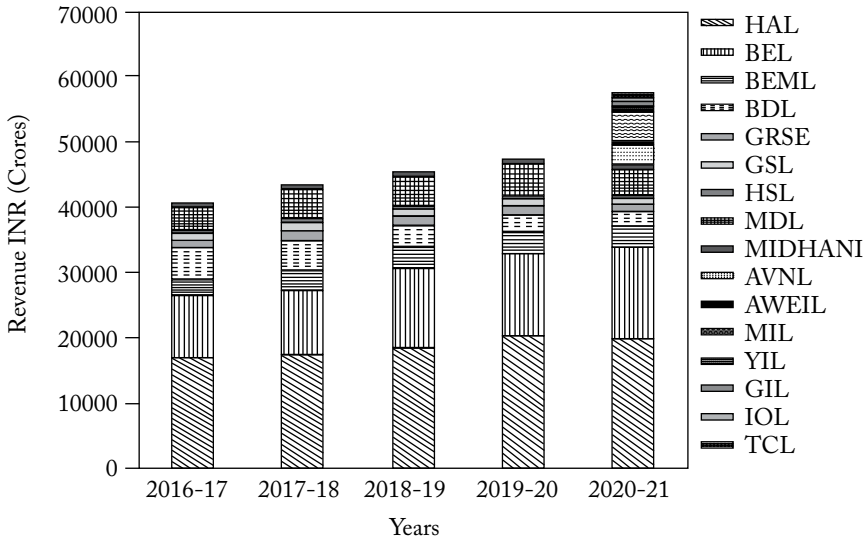


Figure 3 Production value of DPSUs

Source: L.K. Behera, 'India's Defence Public Sector Undertakings: A Performance Analysis', Policy Commons, 25 March 2010, available at <https://policycommons.net/artifacts/1925839/indias-defence-public-sector-undertakings/2677608/>, accessed on 19 September 2024.

As shown in Figure 3, the production value of major DPSUs has shown substantial growth in recent years, reflecting the overall expansion of the defence sector. This growth has been significantly driven by the increased FDI limits in both public and private defence sectors. Figure 4 highlights the upward trend of FDI in India's defence industry, with reported investments of Rs 5,077 crores as of 9 February 2024. The FDI trajectory since 2000 up to March 2024 indicates a positive outlook for the sector, with a base figure of US\$ 5.12 million since June 2017.⁴³

The initiatives aimed at achieving self-reliance in defence production have yielded tangible results, as demonstrated during Aero India 2023 (15 February 2023). The event showcased the revitalised defence industry through 266 strategic partnerships, including 201 Memorandums of Understanding (MoUs), 53 major announcements, nine product launches, and three ToTs, with a total value of approximately US\$ 9.72 billion (Rs 80,000 crores). These developments signify a promising future for India's defence sector, with the policy reforms fostering continuous growth, technological advancements, and increased market participation from new players. Continuous ToT in

various domains will further ensure sustained progress in domestic defence production.

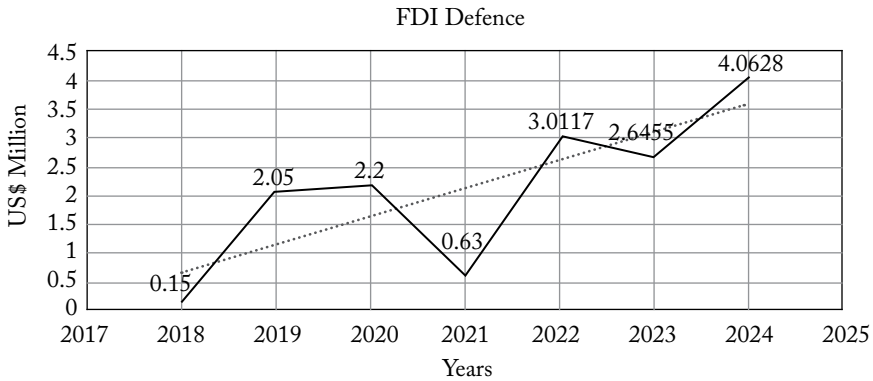


Figure 4 FDI in the defence sector

Source: JR. Deni, 'Augmenting Our Influence: Alliance Revitalization and Partner Development', Monograph, United States Army War College Press, 2014, available at <https://press.armywarcollege.edu/monographs/503/>, accessed on 18 September 2024.

Local Manufacturing Policy Analysis

The key trends in local manufacturing policy reflect the government's strong focus on boosting domestic defence production and promoting self-reliance under the 'Atmanirbhar Bharat' initiative. A significant allocation of Rs 1,500 crores has been earmarked for defence start-ups in the financial year 2023–24, alongside more than Rs 24,000 crores aimed at facilitating MSMEs in the defence sector. These financial commitments are designed to foster innovation and enhance the competitiveness of smaller players in the defence ecosystem. In addition, capital acquisition funds have been revised, with 75 per cent allocated for domestic industries and the remaining 25 per cent reserved for foreign procurement, underscoring the government's intention to prioritise local production.

The establishment of *iDEX* is a notable policy development. It was created to stimulate innovation and technology infusion within the defence sector, providing a platform for start-ups and private industries to collaborate with defence agencies. This initiative aligns with the broader goals of promoting cutting-edge technological advancements and driving indigenous solutions to meet the country's defence needs.

One of the most impactful changes in recent years has been the increase in FDI in the defence sector, which has been raised to 74 per cent under the automatic route. This policy revision is expected to facilitate the transfer of advanced technologies to domestic defence manufacturers, strengthening their technical capabilities and improving production efficiencies. The FDI increase also opens the door for international defence firms to form partnerships with Indian industries, providing a significant boost to local manufacturing.

Private sector involvement in defence production has seen a remarkable transformation in recent years. As of the 2018–19 fiscal year, the domestic private sector accounted for 22 per cent of the total defence production, a significant rise from just 5 per cent in 2019. This growth can be attributed to the government's proactive policies and the recommendations made by the Kelkar Committee, which called for greater private sector participation in defence production. The committee's report highlighted the strategic importance of involving private industry in national defence, recommending a collaborative model where public and private sectors work together to enhance India's defence manufacturing capabilities.⁴⁴

The evolution of local manufacturing policies is crucial for addressing national security concerns. By fostering a robust domestic defence industry, India can reduce its reliance on foreign imports, thus enhancing its strategic autonomy. The emphasis on self-reliance not only strengthens the national defence posture, but also contributes to India's standing in global geopolitics, allowing the country to assert greater control over its defence capabilities. In the long term, the combination of increased private sector participation, enhanced technology infusion through FDI, and government-backed initiatives like iDEX will be instrumental in transforming India into a self-reliant, technologically advanced defence manufacturing hub. This shift towards self-reliance in defence production aligns with India's broader strategic objectives, supporting its emergence as a key player in global defence supply chains. Moreover, the continuous engagement of domestic industries in defence manufacturing is expected to deepen India's strategic depth, positioning the country as a more influential actor in world affairs, while simultaneously ensuring the robustness of its national security framework.

CONCLUSION

India's journey towards self-reliance in the defence sector, guided by initiatives like 'Make in India' and 'Atmanirbhar Bharat', has shown considerable

progress in boosting domestic manufacturing capabilities and reducing dependence on imports. The revision of procurement policies and the rise in participation from indigenous industries are key milestones. However, sustained growth requires addressing lingering challenges, such as simplifying procurement processes, increasing R&D investment and fostering public–private partnerships. Reforms that encourage private sector involvement, especially for SMEs, are essential to drive innovation and competitiveness. Drawing lessons from global best practices, India must continue to expand exports, strengthen technology transfers and create a conducive legal framework. By leveraging programmes like iDEX and DTIS, and encouraging start-ups and MSMEs, India can meet its defence production targets while positioning itself as a global leader in defence manufacturing. This vision can only be realised through sustained collaboration and a strategic, forward-looking approach.

DECLARATION OF INTEREST

The authors declare no conflict of interest that could influence the objectivity, integrity or interpretation of the research presented in this article.

NOTES

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