

From Imports to Exports: Analysing India's Defence Sector Evolution and Atmanirbharta (2014-2024)

In India's military history, ranging from the period between 2014 and 2024 would be seen as a decade of significant transformation. During these years, India's defence sector underwent a substantial shift, driven by the government's push for increased defence manufacturing. This marked a departure from hesitancy to a critical need which has also led many other countries look at India as a viable defence market. The Modi government's push for Atmanirbhara Bharat culminated in 2024 when India shattered all production records by producing defence goods worth \$15 billion, an all-time high.¹ This achievement showcases India's drive for indigenization in the defence sector, with multiple reforms aimed at improving defence preparedness and procurement. Despite being the second-highest importer of defence products and the fourth-largest military spender in the world, according to SIPRI², India has made considerable strides toward self-reliance.

Further, the standoff with China in 2020 and the growing geopolitical insecurities, initially due to the Russia-Ukraine war and later, the Israel-Palestine conflict, have reinforced the government's resolve to strengthen the defence sector's self-reliance. Policy reforms such as the Defence Procurement Procedure 2016³ and the improved Defence Acquisition Procedure

2020⁴, which included consultation with private players, have spurred indigenous research and development in manufacturing defence equipment. Thereby, this paper will discuss the efforts made from 2014 to 2024 and the growth levels of in India's defence export and finally, this paper would talk about the challenges faced in this domain.

Efforts Up Till Now

According to the Defence Production Policy 2018, it was seen that India's efforts in the domain of defence production in the Defence Public Sector Undertakings (DPSUs) and the Ordnance Factory Board (OFB) saw an increase to Rs.55,894 crores in the year of 2016-2017 from Rs.43,746 crores in 2013.⁵ The Indian government has taken several policy initiatives under the 'Make in India'⁶ program to encourage indigenous design, development, and manufacture of defence equipment in the country. These efforts include significant projects which have streamlined the acquisition process and boosted indigenization in defence procurement reforms.

Furthermore, it is not the first time the Indian government has attempted to reorient the policy framework to boost defence production and increase the export of defence products. Multiple government-appointed expert committees and panels have ideated on this subject. For instance, the Kelkar Committee Report (2005)⁷ provided the framework for the current defence offsets policy. Much earlier, the Abdul Kalam Committee

¹ Defence exports touch record Rs 21,083 crore in FY 2023-24, an increase of 32.5% over last fiscal; private sector contributes 60%, DPSUs - 40% (2024) Press Information Bureau. Available at: <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2016818> (Accessed: 24 July 2024).

² Wezeman, P.D., George, D.M., et al., (2024) *Trends in international arms transfers, 2023*, SIPRI. Available at: <https://www.sipri.org/publications/2024/sipri-fact-sheets/trends-international-arms-transfers-2023> (Accessed: 24 July 2024).

³ Ministry of Defence (MOD), *Defence Procurement Procedure (DPP) -2016 for Capital Procurement*. Available at: https://mod.gov.in/sites/default/files/dppm.pdf_0.pdf (Accessed: 24 July 2024).

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⁴ Ministry of Defence (MOD), *Defence Acquisition Procedure (DAP) 2020*. Available at: https://www.mod.gov.in/sites/default/files/DAP2030new_0.pdf (Accessed: 24 July 2024).

⁵ Please see Defence Production Policy 2018. [https://www.makeinindia.defence.gov.in/admin/writereaddata/upload/files/Clean%20Copy_Defence%20Production%20Policy%20%7Br05072018%20email%20on%2023.08.2018\).output.pdf](https://www.makeinindia.defence.gov.in/admin/writereaddata/upload/files/Clean%20Copy_Defence%20Production%20Policy%20%7Br05072018%20email%20on%2023.08.2018).output.pdf)

⁶ Chander, Col. S. (2020) *India's Defence Exports: Status, Strategy and Solution*. Available at: <https://www.claws.in/publication/indias-defence-exports-status-strategy-and-solution/> (Accessed: 24 July 2024).

⁷ Kelkar, D.V.L. (2005), *Kelkar Committee submits Report on Defence Acquisition*. Available at: <https://pib.gov.in/newsite/erelcontent.aspx?relid=8386> (Accessed: 24 July 2024).

(1992)⁸ recommended addressing the asymmetry in India's defence import and export balance. The Group of Ministers Report (2001)⁹ also proposed multiple options for changing defence procurement policies and enhancing private sector participation.

However, some key initiatives which were prioritized by this government included the procurement of capital items from domestic sources as outlined in the Defence Acquisition Procedure (DAP) 2020.¹⁰ The government has also announced 18 major defence platforms for industry-led design and development.¹¹ Additionally, five 'Positive Indigenisation Lists' covering over 12,300 items for Defence Public Sector Undertakings (DPSUs) have been notified.¹² Further, there are three negative lists¹³ which have been published by the MoD under the Defence Indigenisation Policy (2013). These lists impose an embargo on the import of these items beyond the specified timelines.

The defence industry, including the private sector and DPSUs, has made tremendous efforts in achieving the highest-ever defence exports. Notably, the private sector and DPSUs have contributed about 60 percent and 40 percent, respectively.¹⁴ The government has simplified the industrial licensing process, extended the validity period, and liberalized the Foreign Direct Investment (FDI) policy to allow 74 percent FDI under the automatic route. Domestically, the Make Procedure has been streamlined to facilitate manufacturing. The Innovations for Defence Excellence (iDEX) scheme¹⁵

has been launched to involve startups and Micro, Small, and Medium Enterprises (MSMEs) in the defence sector.

A growing defence manufacturing and export base offers two key benefits for India. First, defence export revenue can fund defence expenditures and R&D without compromising other developmental priorities. Second, robust indigenous defence capabilities enhance national security by protecting against supply disruptions during conflicts. As in 2023, Indian Military completed four tranches of Emergency Procurement (EP)¹⁶ to fill up 'critical voids' to plug in to the operational gaps as these powers were given to the Ministry of Defence after the 2016 Uri attacks, followed by the 2019 Balakot Air Strikes, and the 2020 standoff with China in Eastern Ladakh. While more than 30 percent of the contracts in the first three tranches were awarded to the domestic industry but the number should have been higher.¹⁷

Furthermore, the number of joint exercises India has been part of has been quite commendable considering that these exercises aim at developing positive military relations, exchange of best practices, and the ability to operate together while under-taking multi-domain operations in different terrains.

The government is continuously working with defence industries and their associations to address challenges and promote defence production in the country. Several policy reforms have been implemented to achieve the objective of ease of doing business, including the integration of MSMEs and startups into the supply chain. As a result of these policies, industries, including MSMEs and startups, are increasingly participating in defence design, development, and manufacturing. There has been almost a 200 percent increase in the number of defence licenses issued to industries in the last 7-8 years.¹⁸

⁸ Behera, L.K. (2013) *Indian Defence Industry: Issues of Self-Reliance, Self-Reliance Committee* (1992). Available at: <https://idsa.in/system/files/monograph21.pdf> (Accessed: 24 July 2024). See, IDSA Monograph Series, No 21, July 2013.

⁹ *Group of Ministers Report on 'Reforming the National Security System'* (2001). Available at: <https://archive.pib.gov.in/archive/releases98/lyr2001/rmay2001/23052001/r2305200110.html#:~:text=A%20comprehensive%20systemic%20overhaul%20of,PM%20on%20February%2026%2C%202001>. (Accessed: 24 July 2024).

¹⁰ Please see https://www.mod.gov.in/sites/default/files/DAP2030new_0.pdf (Accessed: 27 July 2024)

¹¹ *Ministry of Defence identifies 18 major platforms for Industry-led Design and Development (2022) Press Information Bureau*. Available at: <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1805135> (Accessed: 24 July 2024).

¹² *5th Positive Indigenisation List, comprising 98 items, of DMA released; Major Announcement by Raksha Mantri (2023) Press Information Bureau*. Available at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1964272> (Accessed: 24 July 2024).

¹³ Kumar, M. (2022) *Defence Procurement: Negative Lists with Positive Implications*. Available at: <https://idsa.in/idsacomments/Defence-Procurement-mkumar-300922> (Accessed: 24 July 2024).

¹⁴ *Ibid* 1

¹⁵ *IDEX Initiative*, Ministry of Defence (2022). Available at: <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1812293> (Accessed: 24 July 2024).

¹⁶ Peri, D. (2023) Army concludes 70 schemes under EP-4 worth ₹11,000 crore, *The Hindu*. Available at: <https://www.thehindu.com/news/national/under-emergency-procurement-4-army-concludes-70-contracts/article67396717.ece> (Accessed: 24 July 2024).

¹⁷ *Ibid*

¹⁸ Kartik Bommakanti, Ed., "A Decade of Defence Reforms Under Modi," ORF Special Report No. 230, July 2024, Observer Research Foundation.

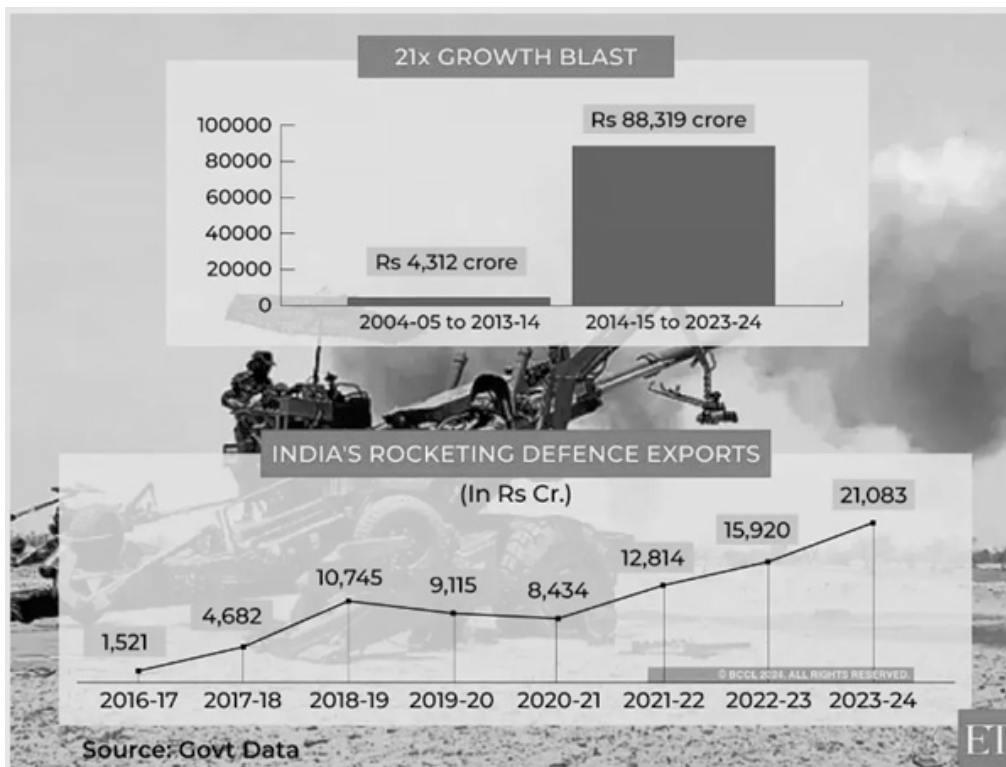


Table. 1.1: Representing the growth of India’s defence exports from 2004-05 till 2013-14 and 2014-15 till 2023-24.

Source: Guns N’ Growth: Inside Defence Sector’s Explosive Make-in-India story (2024). *The Economic Times*. Available at: <https://economictimes.indiatimes.com/news/defence/guns-n-growth-inside-defence-sectors-explosive-make-in-india-story/articleshow/109001658.cms?from=mdr> (Accessed: 24 July 2024).

To further support indigenization, the Public Procurement (Preference to Make in India) Order 2017 has been implemented. An indigenization portal named SRIJAN¹⁹ has been launched to facilitate indigenization by Indian industry, including MSMEs. Reforms in the Offset policy now focus on attracting investment and transferring technology for defence manufacturing by assigning higher multipliers. Additionally, two Defence Industrial Corridors²⁰ have been established, one in Uttar Pradesh and the other in Tamil Nadu.

India is reducing its dependence on foreign suppliers through a mix of policy initiatives that leverage the design and manufacturing capabilities of public

enterprises, large business conglomerates, and startups.²¹ The government aims to triple its total annual defence production to Rs 3 lakh crore by 2028-29. While focusing on reducing its dependence on foreign arms and associated technologies, Russia remains India’s main arms supplier, accounting for 36 percent of India’s arms imports, with France and the US supplying 33 percent and 15 percent of equipment, respectively.²² These comprehensive reforms and initiatives have created a robust framework for indigenous defence manufacturing, significantly reducing dependency on imports and fostering self-reliance in the defence sector. A crucial change is the appointment of the Chief of Defence Staff (CDS) and the creation of the Department of Military Affairs (DMA) under this post. While the primary task of the CDS/DMA is to promote jointness

¹⁹ Srijan is a portal developed by the Department of Defence Production/Ministry of Defence, India. The main objective of the portal is to partner with the private sector in the indigenization efforts of DPSU’s and the Armed Forces. Through this portal, the Indian Industry can showcase their interest in those items which they can design, develop, and manufacture as per their capabilities or through joint venture with OEM’s. For more details, visit Srijan portal (<https://srijandefence.gov.in>).

²⁰ *Defence Industrial Corridor in India (2023) Press Information Bureau*. Available at: <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1913309> (Accessed: 24 July 2024).

²¹ Laxman Kumar Behera, “India’s Defence Industry: Achievements and Challenges,” ORF Issue Brief No. 708, May 2024, Observer Research Foundation.

²² Singh, B.P.P. (2024) *Balanced Atmanirbharta for Strategic Autonomy*, Centre for Joint Warfare Studies (CENJOWS). Available at: <https://cenjows.in/balanced-atmanirbharta-for-strategic-autonomy-2/> (Accessed: 24 July 2024).

among the three services, the CDS is also responsible for promoting indigenization.²³ As of October 2023, the DMA has announced five positive lists of over 500 items reserved for procurement from domestic sources.

In the recent Union Budget of the Financial Year 2024-2025, the Ministry of Defence has been allocated Rs.6,21,940.85 which has been the highest financial allocation given to any ministry.²⁴ The purpose of such high allocation can be seen as there is a need for innovation in defence and indigenous technological solutions.²⁵ Further, the allocation looks at the promotion of 'Aatmanirbharta' in the domain of defence technology, manufacturing, and equipping of the Armed Forces with modern weaponry and providing jobs opportunities for the youth in the country.²⁶ Ministry of Defence has allocated 75 percent of the modernisation budget for the procurement through domestic capacity.²⁷ This budget has put emphasis on the need to achieve self-reliance through research and innovation where DRDO will be working on developing new and niche technology and partnering with private parties through the Development-cum-production partner.²⁸

In the last ten years, India's efforts to formulate itself as a stronger defence production and manufacturing unit has been some results but more needs to be done in this domain.

Growing India's Defence Exports

Since Independence, India has relied heavily on defence imports of arms, despite efforts from the government, the domestic defence industry in India was largely limited and controlled by state-owned corporations. In 2021, in a major reorganisation of India's defence manufacturing complex, the Indian government merged 41-operating and non-operating units based on their work into Seven wholly owned companies of Ministry of Defence.²⁹ They were merged based on their

function: ammunitions, transport logistics, weapons hardware, troop accessories, electronics, and others. Furthermore, these Ordnance Factory Board companies used to be a conglomerate of 41 factories, nine training institutes, three regional marketing centres and five regional controllers of safety.

While the Indian defence industrial complex comprises of various R&D institutions such as DRDO (Defence Research and Development Organisation) which supports these efforts with their 52 laboratories, providing a widespread and vibrant industrial capacity.³⁰ The central argument behind the corporatisation was that it would bring ordnance factories under the purview of Companies Act and an effort to improve their efficiency, making their products cost competitive, improvement in quality leading to it being exported, expanding its business and exploring new markets. The Department of Defence Production undertook the task of monitoring the performance of these new companies. The government aims to reform the DRDO to boost defence manufacturing and exports, for which an ambitious target of 35,000 crore by 2025 has been set. Further, the boost for DRDO to contribute more to defence manufacturing and exports can be achieved through increased innovation in developing cutting-edge technologies and advanced capabilities in areas like cyber warfare and space technology. This would also help develop domestic technologies, inevitably providing India with greater defence assets for the future.

As per the defence ministry data, India has exported bullet-proof jackets to 34 countries including Australia, Japan, Israel, and Brazil. About 10 countries, including the United Arab Emirates (UAE), Egypt, Indonesia, and Thailand³¹, have purchased ammunition (ranging between 5.56mm to 155mm) from India among the other materials being exported to countries. Another example of the private sector playing an important role was the case of Russian Army which is procuring safety boots from Hajipur in Bihar. With a 'Made in Bihar' tag³², this company have been

²³ Decision taken on 24th December, 2019 for the position of Chief of Defence Staff (CDS). Available at: <https://pib.gov.in/FactsheetDetails.aspx?Id=148566#:~:text=Reforms%20Undertaken%3A&text=Former%20Chief%20of%20the%20Army,Staff%20on%2031st%20December%202019>. (Accessed: 24 July 2024).

²⁴ Ministry of Defence (2024) Press Information Bureau. Available at: <https://pib.gov.in/PressReleasePage.aspx?PRID=2035748> (Accessed on 27 July 2024)

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Restructuring of the Ordnance Board Factory (2021), Ministry of Defence (MoD), Available at: <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1776096> (Accessed: 24 July 2024).

³⁰ Refer 21

³¹ Pant, H. and Bommakanti, K. (2023) *View: Defence exports have witnessed a considerable uptick, even as some bottlenecks need removing*, *The Economic Times*. Available at: <https://economictimes.indiatimes.com/opinion/et-commentary/view-defence-exports-have-witnessed-a-considerable-uptick-even-as-some-bottlenecks-need-removing/articleshow/109044801.cms?from=mdr> (Accessed: 24 July 2024).

³² *How Russian Army is marching in 'Made in Bihar' boots* (2024) *Firstpost*. Available at: <https://www.firstpost.com/explainers/how-russian-army-is-marching-in-made-in-bihar-boots-13793448.html> (Accessed: 30 July 2024).

hand held by various governmental support, from roads to communications with Russian counterparts to facilitate the deal, thus creating employment and revenue for the region. Further, to boost the economic development, the area around these defence industrial corridors can create greater job and livelihood opportunities.

Key Challenges

In the present geopolitical shifts, India has emerged as one of the most sought-after partners and to continue to keep India in an influential position, there is a need to work to develop a robust defence manufacturing industry in India. However, there are several challenges that India faces, and they are as below:

- **Technological Aspect:** Within the broader range of technological gaps, India struggles with limited advanced technology, which is essential for creating advanced innovation and research for better quality weapons and next-generation missile systems. Due to these technological gaps and outdated facilities, India is dependent on foreign technology and state-of-the-art high-tech products. To address this shortage, there is an immediate need for India to upgrade and invest more in the domain of research and development. Additionally, the shortage of facilities in India's defence manufacturing sector limits capacity building for domestic production, causing significant delays in large-scale production. Furthermore, there has been a renewed focus on the semi-conductor technology³³ and industry in India due to its role in defence industry and the modern defence systems. With its application from sectors such as space to military communications system³⁴ to Electronic Warfare Systems, India's semiconductor leap will help India focus on the defence self-reliance. Furthermore, one of the notable trends, which has been seen is the increase in number of Mandarin speakers and Engineers travelling to Taiwan to work in these industries. Taiwan for the matter of fact, has 2,700 Indian

engineers working in Taiwan.³⁵ On the government front, the Indian government has dedicated a task-force called India Semiconductor Mission³⁶, which aims to serve as a focal point for implementation of India's ambition. Three assembly operations have been set-up in Gujarat and Assam for the operations to be set-up. However, to support these semiconductor industries, it needs infrastructure such as the Taiwan's Hsinchu Science Park³⁷, which is home to TSMC, UMC and others, known as the cradle of Taiwan's technological powerhouse. This is something which is required in India.

- **Skill Development:** There is a need to enhance indigenous capabilities within India and leverage them for economic development and job creation. Skill development in advanced research fields is crucial, necessitating a highly skilled workforce. Currently, there are few institutions and training facilities to develop the necessary workforce for this domain. There is a greater need to promote education and research at the school and college levels in subjects such as aerospace engineering, cyber warfare, and advanced materials. Furthermore, to sustain Atmanirbhar Bharat, a three-pronged approach is necessary³⁸:
 1. Building niche capabilities
 2. Upgrading capacities in strategic technologies such as space, artificial intelligence, and autonomous drone systems

³³ Sheth, N.D. (2024) *India's Emerging Semiconductor Industry: A focus on Private Sector Efforts and Defence Applications*, *India Strategic*. Available at: <https://www.indiastrategic.in/indias-emerging-semiconductor-industry-a-focus-on-private-sector-efforts-and-defence-applications/#:~:text=Semiconductor%20technology%20plays%20a%20pivotal,self%2Dreliance%20in%20defence%20manufacturing>; Further, see Stone, M. (2024) *Why Military Semiconductors are Vital for Defence Systems*, *City Labs*. Available at: <https://citylabs.net/military-semiconductor-applications/> (Accessed: 30 July 2024).

³⁴ Ibid.

³⁵ Barik, S. (2024) *Amid India's chip push, Taiwan flags talent gaps, High Import Tariff*, *The Indian Express*. Available at: <https://indianexpress.com/article/technology/tech-news-technology/amid-indias-chip-push-taiwan-flags-talent-gaps-high-import-tariff-9285256/> (Accessed: 30 July 2024).

³⁶ Indian Semiconductor Mission (ISM) is a specialized and independent Business Division within the Digital India Corporation that aims to build a vibrant semiconductor and display ecosystem to enable India's emergence as a global hub for electronics manufacturing and design. For more information, visit <https://ism.gov.in/>

³⁷ Ding, L. (2019) *Hsinchu Science Park: A Case Study in Taiwan's Shift to Technology, Made in Taiwan: Case Studies in the so-called 'Taiwan Miracle'*. Available at: <https://mediakron.bc.edu/edges/case-studies-in-the-taiwan-miracle/hsinchu-science-park-a-case-study-in-taiwans-shift-to-tech/introduction-7/>; Furthermore, see Lee, W.-H. and Yang, W.-T. (2000) 'The cradle of taiwan high technology industry development – hsinchu science park (HSP)', *Technovation*, 20(1), pp. 55–59. doi:10.1016/s0166-4972(99)00085-1. (Accessed: 30 July 2024).

³⁸ Shukla, R. (2024) *National Security Priorities for Modi 3.0: Finessing India's Strategic Deterrence*, *orfonline.org*. Available at: <https://www.orfonline.org/expert-speak/national-security-priorities-for-modi-3-0-finessing-india-s-strategic-deterrence> (Accessed: 30 July 2024).

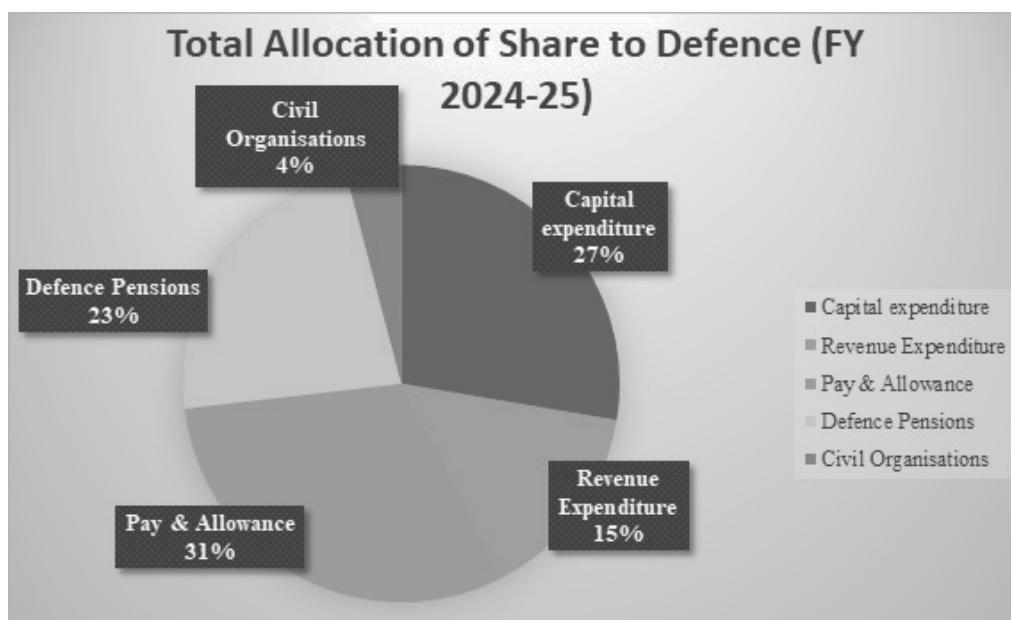


Table. 1.2: Total Allocation of Share to Defence for the Financial Year 2024-25 as declared by Finance Minister. Defence Ministry gets the highest allocation, which is 12.9 percent of the total budget of Government of India.

- Setting aside the tyranny of L-1 (lowest bidder winning a contract) to overcome mediocrity and encourage competition.

We need to identify talented MSMEs, startups and private companies and help them grow, not only to meet domestic defence needs but also in order that such entities³⁹ can survive, even thrive in the international competition for defence equipment.

- Focus on MRO:** India needs to set up industries for Maintenance, Repairs, and Overhaul (MRO) to reduce dependency on the foreign market for spare materials. A well-equipped, coordinated supply chain management system is needed for the timely supply of products. The Indian defence industry and ecosystem have been slow to react to global changes, but recent efforts aim to make India a part of this ongoing transformation. This change will overhaul the strategic military future of our country. The defence procurement process faces several delays due to numerous rules, regulations, and required approvals. There is a need to streamline these processes and establish quality standards for each product before shipment. Continuous processes without delays and financial shortages

³⁹ Singh, A. (2024) *Modernisation and Atmanirbharta: Decoding the Defence Budget Allocation 2024*, Firstpost. Available at: <https://www.firstpost-com.cdn.ampproject.org/c/s/www.firstpost.com/opinion/modernisation-and-aatmanirbharta-decoding-the-defence-budget-allocation-2024-13797711.html/amp> (Accessed: 30 July 2024).

are necessary for infrastructure development and building high-value assets.

With the war in Russia-Ukraine, especially considering the Russian origin defence equipment has collapsed considering it is catering to the needs of its own army which is fighting a war⁴⁰. Many African and Arab nations which have procured its weapons system from erstwhile USSR and from Russia, thereafter, are in a flux, providing India an opportunity. While Aatmanirbhar Bharat, Make in India, Digital India, Skill India and Start Up India have set the foundation for India to create a global impact in manufacturing and services sector, all of which are the principal enablers for MRO industry. India's defence industry should take advantage of it. Israel and many countries have already leapt in the process considering India's high import capability through its Indian subsidiary, Aerospace Services India, to set-up large scale hubs for MRO of defence equipment in Gurugram.⁴¹

⁴⁰ Kapoor, L.G. (Dr) A. (2023) *Indian defence industry- MRO opportunities for global impact: A prognosis*, CENJOWS. Available at: <https://cenjows.in/indian-defence-industry-mro-opportunities-for-global-impact-a-prognosis/> (Accessed: 30 July 2024).

⁴¹ Sharma, A. (2024) *Israel Aerospace Subsidiary plans Defence MRO Hub in Gurugram*, Live Mint. Available at: <https://www.livemint.com/companies/news/israel-aerospace-subsidiary-plans-defence-mro-hub-in-gurugram-11711544338393.html> (Accessed: 30 July 2024).

Furthermore, when exported abroad, one of such instances wherein after selling Dhruv Helicopters to Ecuador⁴² in 2009 and 2011, the country complained about the lack of spare parts, frequent crashes and further leading to a court case and termination of contract unilaterally. Therefore, MRO verticals are important to manage life cycle sustenance support for equipment which have been outsourced as well as the ones which are indigenously developed.⁴³

- **Encouragement of Defence Start-ups:** Defence planners must balance a modest budget with personnel costs, weapons acquisition, and upgrades across the three services, while ensuring wider industry participation in defence procurement. The next five years offer a unique opportunity to tap into India's civilian scientific base to develop frontier technologies and innovative capabilities for the armed forces. There is a need to keep an eye on both, defence modernisation and defence indigenisation. There is a considerable effort made by the Department of Defence Production of the Ministry of Defence through their Innovation for Defence Excellence (iDEX) with a budgetary support provided for incubating MSME's and individual innovators. Furthermore, DRDO has launched DARE to DREAM Contests and Technology Development Funds (TDF) Scheme to further support ideas and realise them into prototype while developing such technologies.⁴⁴ At present, a total of 37 project have been awarded to various industries specially MSMEs and Startups under TDF scheme. This scheme's focused on indigenising 164 technologies and disbursed \$30.8 Million while engaging 5270 companies.⁴⁵ Thus, with government support, policy continuity, focused attention on research and development, and having a dual goal to cater to defence requirement for India and nations abroad, India at this juncture can lay the

foundation stone for many other industries which will be strategic in nature.

- **Agniveer Scheme:** The Indian government allocated approximately \$75 billion to the defence sector for 2024-2025, as mentioned in the interim budget.⁴⁶ The Ministry of Defence continues to receive high priority due to challenges and threat perceptions from China and Pakistan. The budgetary allocation for 2024-2025 has increased by approximately one lakh crore (18.35 percent) compared to the 2023-2024 allocation.

Over the years, the major portion (more than 50 percent) of the total defence budget had been utilised for pay allowances, and pensions. While the rest of the amount were being used for defence procurement, infrastructure, modernisation, and others.⁴⁷ However, there has been a misconception on the aspect that Agniveer Scheme has been brought to reduce the defence pensions and allowances. Pondering on this issue, it was ascertained that even if one considers that Agniveer Scheme has been brought to reduce the pensions, the total amount on savings would be less in comparison and would save 1,504 crores only, as paying allowances and pensions are obligatory.⁴⁸

Conclusion

Thus, India's defence sector stands at a critical juncture in history, with the Modi Government accelerating and prioritising economic growth and self-reliance for defence industry. Furthermore, as India navigates geopolitical uncertainties, its robust and indigenized defence industry will play an important role in achieving the twin goals of emerging as a defence exporter and becoming self-reliant in ensuring national security, while asserting its influence on the world stage.

⁴² *Legal tangle hits Ecuador Dhruv deal* (2016) *The Hindu*. Available at: <https://www.thehindu.com/news/national/Legal-tangle-hits-Ecuador-Dhruv-deal/article16436747.ece> (Accessed: 30 July 2024).

⁴³ *MRO in India: Trends, challenges and way forward*, Report Prepared by BRIEF India & NITI Aayog, Government of India. Available at: https://www.niti.gov.in/sites/default/files/2022-10/MRO_Report-FINAL.pdf (Accessed: 30 July 2024).

⁴⁴ *Reply by Raksha Mantri in Parliament on Defence Startups* (2022) *Press Information Bureau*. Available at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1782604> (Accessed: 30 July 2024).

⁴⁵ *Ibid*.

⁴⁶ *Defence budget 2024: FM Nirmala Sitharaman retains budget allocation at Rs 6.21 Lakh Crore* (2024) *The Economic Times*. Available at: <https://economictimes.indiatimes.com/news/defence/defence-budget-2024-allocations-for-indian-armed-forces-slashed-to-rs-4-56-lakh-crore/articleshow/111943404.cms?from=mdr> (Accessed: 30 July 2024).

⁴⁷ *Ibid*

⁴⁸ Hooda, D.S. (2022) *The Agnipath Scheme: Analysis and a Way Forward*, *Delhi Policy Group*. Available at: <https://www.delhipolicygroup.org/publication/policy-briefs/the-agnipath-scheme-analysis-and-a-way-forward.html> (Accessed: 30 July 2024).