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From Dependence to Dominance: India's Strategic Turn in the Defence Export Arena

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For decades, India was known as one of the world's largest importers of defence equipment, which was heavily dependent on foreign suppliers for its military needs. However, in recent years India has undergone a significant transformation from a heavy importer of defence consumers to an emerging global exporter of arms and military technology. This article examines how India achieved this major shift with a special focus on the legal policy and institutional reforms that enabled it. The transformation began with the government's introduction of key initiatives, including Make in India, Atmanirbhar Bharat, and the Defence Production and Export Promotion Policy (DPEPP) 2020. These policies encouraged domestic manufacturing, opened the sector for private players and promoted foreign direct investment. Critical legal and procedural reforms, such as the revision of the Defence Acquisition Procedure (DAP 2020), the relaxation of FDI rules, and the introduction of Positive Indigenisation Lists, created a strong foundation for indigenisation. Public-private partnerships, innovation schemes like Innovation for Defence Excellence (iDEX) and the establishment of defence corridors further supported the ecosystem. India's defence exports have seen a 30-fold increase in the last decade, with systems like the BrahMos missile, Tejas fighter jet and Akash missile gaining international attention. Despite challenges in technology gaps, bureaucratic hurdles, and global competition, India is on track to become a major defence exporter. This shift not only boosts economic growth but also enhances India's strategic autonomy and global influence. The paper concludes with policy recommendations to sustain and expand India's defence exports, making the nation a reliable and responsible defence partner on the world stage.

Keywords: *defence exports, indigenisation, make in India, atmanirbhar Bharat.*

INTRODUCTION

India has long been recognised as one of the largest importers of arms and defence equipment globally. For decades, the country has been dependent on foreign nations to meet most of its defence requirements, relying heavily on suppliers such as Russia, France, Israel and the United States for everything from aircraft and submarines to missiles and radar systems.[1] This reliance was a result of limited domestic manufacturing capability, restrictive licensing policies, minimal private sector involvement and a slow-moving defence research and development system.

As a result, India's ability to make independent decisions and keep its defence sector strong and stable was greatly limited. However, in the past decade, India has undertaken a substantial transformation in its approach to defence manufacturing and exports. A series of legal reforms, policy changes, industrial modernisation and increased collaboration between the public and private sectors have laid the groundwork for India's evolution from a traditional arms importer to an emerging global defence exporter.[2] This change did not happen suddenly; it is the result of steady and planned efforts by the government that began with the 'Make in India' campaign launched in 2014.

In 2014, the Government of India unveiled its vision to establish India as a manufacturing hub through the Make in India initiative. Within this framework, defence production was identified as a high-priority sector.[3] The Defence Production and Export Promotion Policy (DPEPP) 2020 was later introduced to provide structured guidance on how India could achieve self-reliance while also becoming a reliable exporter of defence components.[4] Furthermore, India's Defence Acquisition Procedure (DAP) was revised in 2020 to prioritise indigenously designed, developed and manufactured products and to reduce reliance on

[1] 'SIPRI Arms Transfers Database' (*Stockholm International Peace Research Institute*,10 March 2025) <https://www.sipri.org/databases/armstransfers> accessed 10 May 2025
[2] '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%' (*Ministry of Defence*, 01 April 2024) https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2016818 accessed 10 May 2025
[3] Ministry of Defence, *Annual Report 2014–15* 58
[4] Ministry of Defence, *Defence Production and Export Promotion Policy (DPEPP) 2020*

imports.[5] These legal and procedural reforms were complemented by various institutional and infrastructural developments, such as the establishment of two Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu and the Innovation for Defence Excellence (iDEX) scheme to encourage participation from startups and private enterprises.[6]

The results of these reforms show the state of India's defence technological advancement and reliance on defence production by other countries. India's defence exports have increased more than thirtyfold in the past decade, growing from ₹686 crore (approximately USD 90 million) in FY 2013–14 to over ₹23,600 crore (approximately USD 2.9 billion) in FY 2023–24.[7] Indian- made equipment is now exported to over 100 countries across Southeast Asia, the Middle East, Africa and Latin America. This includes not only low-end supplies such as bulletproof jackets and helmets but also high-value systems such as the BrahMos supersonic cruise missile, the Akash surface-to-air missile system, artillery guns, radar systems and light transport aircraft.[8]

This is not merely an economic development; it also signals an important change in India's strategic direction. By shifting from being only a buyer to also becoming a supplier. India is boosting its global influence, strengthening defence partnerships and securing its position in the changing global security framework. Additionally, the diversification of supply chains, the indigenisation of defence manufacturing and export revenue generation collectively enhance India's ability to fund innovation and reduce vulnerability to external geopolitical changes. Yet this transformation has not come without challenges. India continues to face technological gaps in areas such as engine development, advanced radar systems and aerospace components. Exporting high-end defence systems also requires establishing credibility in quality assurance, after-sales service and timely delivery. Furthermore, navigating the complex geopolitics of arms trade, especially when supplying to countries engaged in regional conflicts, demands a careful balancing of India's diplomatic commitments.

[5] Ministry of Defence, *Defence Acquisition Procedure 2020*
[6] Ministry of Defence, 'Introduction & Description' (*iDEX*) <https://www.ddpmod.gov.in/offerings/schemes-and-services/idex> accessed 10 May 2025
[7] 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% (n 2)
[8] *DRDO Annual Export Report 2024*

The article aims to explore the full trajectory of India's journey from being a top arms importer to a credible and growing defence exporter. It begins with a historical overview of India's import dependence and early attempts at indigenisation. It then critically examines the legal and institutional reforms introduced post-2014 that laid the foundation for defence export growth. The article further analyses major case studies such as the export of BrahMos missiles to the Philippines and Tejas fighter aircraft negotiations with Argentina and Egypt.[9] The article also draws comparisons with established defence exporters such as Israel and South Korea to identify best practices and extract relevant lessons for India's defence export strategy. Finally, the paper concludes by evaluating ongoing challenges and proposing policy recommendations to strengthen India's global position as a defence exporter. Through this analysis, the paper intends to highlight that India's defence export growth is not a short-term surge but part of a well-planned and legally backed national strategy. With sustained policy support, focused global marketing, and continued investment in research and development, India is well-positioned to emerge as a major player in the international arms market by the end of this decade.

RECENT INDIA–PAKISTAN CONFLICT AND THE IMPERATIVE FOR INDIGENOUS DEFENCE MANUFACTURING

In April 2025, a tragic terrorist attack occurred in Pahalgam, Jammu and Kashmir, where militants killed 26 civilians, predominantly Hindu tourists. This incident marked a significant escalation in cross-border terrorism, with the attackers reportedly seeking to incite communal violence within India.[10] In response, India launched Operation Sindoor on May 7, 2025, a swift and precise military operation targeting terrorist infrastructure in Pakistan and Pakistan-administered Kashmir. Over in 23 minutes, the Indian Armed Forces executed coordinated strikes on nine locations, including Bahawalpur and Muridke, which are generally known hubs for groups like Jaish-e-Mohammed and Lashkar-e-Taiba.

One of the key highlights of Operation Sindoor was its widespread reliance on domestically developed defence technologies. The Indian Air Force employed domestically developed

[9] 'BrahMos, Tejas & Akash: Defence equipment that India may export' *The Economic Times* (03 September 2024) <https://economictimes.indiatimes.com/infrastructure/brahmos-tejas-akash-defence-equipment-that-india-may-export/watch-tejas-in-action/slideshow/41593033.cms?from=mdr> accessed 10 May 2025

[10] 'Operation SINDOOR: India's Strategic Clarity and Calculated Force' (*PIB*, 15 May 2025) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2128748> accessed 10 May 2025

systems such as the Akash surface-to-air missiles and Akashteer command systems, alongside advanced platforms like the Pechora and OSA-AK. These systems effectively neutralised threats, including drones and missiles supplied to Pakistan by foreign entities.[11] By demonstrating the effectiveness of domestically produced military assets, the operation reinforced the critical importance of fostering self-reliance in defence manufacturing. India's ability to conduct such a complex mission using primarily indigenous technology not only demonstrated its growing defence capabilities but also highlighted the strategic necessity of reducing dependence on foreign military equipment. This shift towards domestic production ensures greater autonomy in defence preparedness and response, particularly in the face of evolving security challenges.

HISTORICAL CONTEXT OF INDIA'S DEFENCE IMPORTS AND EARLY INDIGENIZATION

India's journey toward becoming a self-reliant and export-capable defence power is deeply rooted in its historical legacy of dependence on foreign military suppliers. India's post-independence journey has been marked by complex security dynamics ranging from conventional wars with Pakistan and China to enduring border disputes such as those in Ladakh and Arunachal Pradesh. Additionally, internal conflicts, including insurgencies in the Northeast, Naxalite movements in central India and terrorism in Jammu and Kashmir, have continually tested the nation's defence preparedness. These multifaceted challenges have highlighted the strategic necessity of building a strong indigenous defence manufacturing capability. These circumstances necessitated a robust defence capability. However, India's industrial and technological base at the time of independence was not sufficiently developed to support large-scale indigenous arms production.

Early Dependence on Imports: From the 1950s onward, India's defence procurement was predominantly import-based, with the former Soviet Union emerging as the primary supplier. By the 1970s and 1980s, over 70 per cent of India's military hardware originated from the USSR. This included tanks, aircraft, naval vessels and missile systems.[12] While this

[11] 'ET Graphics: Countering Pakistan Attack' *The Economic Times* (15 May 2025) <https://economictimes.indiatimes.com/news/politics-and-nation/et-graphics-countering-pakistan-attack/articleshow/121170370.cms> accessed 10 May 2025

[12] Christophe and Aadil Sud, 'Indian Military Dependence on Russia' (*Montaigne*, 05 July 2022) <https://www.institutmontaigne.org/en/expressions/indian-military-dependence-russia> accessed 10 May 2025

dependence enabled India to maintain a basic level of military preparedness and it also led to significant vulnerabilities such as spare parts shortages, outdated tech and constrained operational flexibility.

India's import-heavy strategy continued through the 1990s and early 2000s. Even after the collapse of the Soviet Union, India turned to new partners such as Israel, France, the United Kingdom and the United States to modernise its armed forces. This period also saw the signing of major defence deals like the purchase of Mirage 2000 fighter aircraft from France and Sukhoi Su-30MKI jets from Russia. However, these large-scale acquisitions primarily from countries such as Russia, the United States and France not only modernised India's defence capabilities but also reinforced its dependence on foreign suppliers. As a result, India remained one of the world's largest arms importers, a status it retained until as recently as 2019, according to global arms transfer data published by the Stockholm International Peace Research Institute (SIPRI). This dependency highlighted the strategic and economic vulnerabilities associated with import-driven defence procurement.

Initial Steps Toward Indigenisation: Despite heavy reliance on foreign defence systems, India began making efforts toward indigenisation as early as the 1950s. The establishment of the Defence Research and Development Organisation (DRDO) in 1958 was a pivotal moment. DRDO was tasked with designing and developing indigenous defence systems, but its early years were marked by limited capacity, bureaucratic inefficiencies and frequent delays.

In the 1980s, India achieved a few important milestones in defence manufacturing, such as the development of the Prithvi and Agni missile systems and the Arjun Main Battle Tank. However, these projects were often delayed and lacked technological sophistication compared to international standards.[13] The public sector defence production units (DPSUs) such as Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL) and the Ordnance Factory Board (OFB) dominated the domestic industry, but they functioned in a highly protected environment with little competition or innovation.

Impact of Economic Liberalisation: The economic liberalisation of 1991 marked a turning point for India's industrial policies, but its effects on defence manufacturing were initially limited. Although foreign direct investment (FDI) was encouraged in various sectors, the

[13] Arun Tiwari and A P J Abdul Kalam, *Wings of Fire: An Autobiography* (Universities Press 1999) 134–135

defence sector remained heavily regulated. Private sector participation in defence production was permitted only in 2001 when the government allowed up to 26% FDI in defence manufacturing. However, due to concerns about national security and a lack of incentives, very few private players entered the market during the early 2000s.

Despite these challenges, India began to experiment with partnerships between public sector entities and private companies. Notable examples include HAL's collaborations with companies like Boeing and Airbus for aircraft components and the licensed production of Sukhoi jets in India.[14] However, the broader ecosystem lacked a clear export orientation, with most manufacturing geared toward domestic procurement by the armed forces.

PARADIGM SHIFT IN THE POST-2010 ERA

It was only in the post-2010 era that a more determined push toward indigenisation and export orientation began to emerge. Policy makers, military strategists and the government began to recognise that India's reliance on foreign arms suppliers was not only economically burdensome but also posed serious national security risks, especially during geopolitical tensions. Reports by institutions such as the Institute for Defence Studies and Analyses (IDSA) and the Ministry of Defence highlighted the inefficiencies of existing procurement systems and the urgent need for reforms.[15] The concept of 'strategic autonomy' gradually evolved to encompass not only India's foreign policy independence but also its ability to develop and sustain indigenous defence capabilities. This shift in understanding reflects a broader recognition that true strategic self-reliance requires reducing dependence on foreign military technology and strengthening domestic defence production.

LEGAL AND POLICY REFORMS POST-2014: ENABLING DEFENCE EXPORT GROWTH

India's transformation from a traditionally import-dependent nation to an emerging global exporter of defence equipment was significantly formulated by a wave of strategic legal and policy reforms introduced after 2014. These reforms were aimed at restructuring the defence manufacturing ecosystem, encouraging private sector involvement, simplifying regulations

[14] Ministry of Defence, *Annual Report 2022–23* 104–106
[15] 'Self-Reliance in Defence Production: Policy Challenges and Recommendations' (*IDSA*, 25 October 2012) <https://www.idsa.in/publisher/idsa-comments/defence-production-policy-2011-need-for-reinvigoration> accessed 10 May 2025

and establishing a robust framework for defence exports. This section examines the key legal reforms, institutional frameworks and policy interventions that collectively transformed the structure and functioning of India's defence sector.

The Launch of the Make in India Programme: Launched in September 2014, the Make in India initiative marked a foundational shift in India's approach to defence manufacturing. One of the programme's key focus areas was to build indigenous capabilities in 25 sectors, including defence. The Make in India vision emphasised:

1. Easing regulatory norms for private companies.
2. Creating incentives for the local production of defence equipment.
3. Encouraging technology transfer through public-private partnerships.

This initiative laid the groundwork for future reforms that supported defence exports by focusing first on self-reliance in production.

Increase in FDI Limit in Defence: A significant regulatory change came through the amendment to the Consolidated FDI Policy in 2020, which allowed Foreign Direct Investment (FDI) in the defence sector up to 74% through the automatic route and up to 100% via government approval in cases involving access to modern technology.[16] Previously, the FDI cap stood at 49%. This change aimed to bring global investors and original equipment manufacturers (OEMs) into the Indian defence ecosystem, thereby integrating India into global value chains.[17]

Defence Procurement Procedure (DPP) Revisions: The Defence Procurement Procedure (DPP) underwent a series of revisions culminating in the introduction of the Defence Acquisition Procedure (DAP) 2020. The DAP focused heavily on procurement from Indian sources with the introduction of new procurement categories such as:

1. Buy (Indian-IDDM) – Indigenously Designed, Developed and Manufactured;
2. Make I and II categories – encouraging private R&D investment;

[16] Ministry of Commerce, *Press Note No 4 (2020 Series): Review of FDI Policy in Defence Sector* PIB (2020)
[17] Anandita Kaushik, 'Revised FDI Limit in Defence: Impact and Opportunity' (*Cyril Amarchand Mangaldas Blog*, 25 May 2020) <https://corporate.cyrilamarchandblogs.com/2020/05/revised-fdi-limit-in-defence-impact-and-opportunity/> accessed 10 May 2025

3. Strategic Partnership Model – linking Indian companies with foreign OEMs for joint ventures.

The DAP also introduced Export Promotion Cells within the Ministry of Defence to facilitate outbound sales.[18]

The Defence Production and Export Promotion Policy (DPEPP) 2020: Perhaps the most transformative policy document, the DPEPP 2020, was introduced to provide a structured framework for boosting India's defence production and export capacity. Its objectives included:

- Achieving a turnover of ₹1.75 lakh crore (US$25 billion) in defence manufacturing by 2025.
- Exporting ₹35,000 crore (US$5 billion) worth of military equipment.
- Promoting innovation through iDEX (Innovations for Defence Excellence).
- Reforming Defence Public Sector Undertakings (DPSUs).
- Improving the ease of doing business in defence.

The DPEPP identified key military platforms for export promotion, such as the Akash missile system, BrahMos cruise missiles and light combat aircraft like Tejas.[19]

Establishment of Defence Export Facilitation Mechanisms: To streamline the defence export process, the Ministry of Defence established the Defence Export Promotion Cell (DEPC), which is a dedicated body aimed at facilitating and coordinating export-related activities. Additionally, Indian diplomatic missions abroad were tasked with supporting defence export promotion, thereby enhancing India's outreach to potential international buyers and strengthening institutional support for domestic manufacturers in global markets. An online platform known as the Srijan Defence Indigenisation Portal was also created to connect Indian suppliers with procurement needs. In addition, the Ministry released the Standard Operating Procedure (SOP) for the Export of Defence Products in 2020,

[18] Ministry of Defence, *Defence Acquisition Procedure 2020* ch II
[19] Ministry of Defence, *Defence Production and Export Promotion Policy (DPEPP) 2020* ch IV

streamlining the licensing process under the Arms Rules, 2016, administered by the Department of Defence Production (DDP).[20]

Role of Defence Attaches and International Defence Exhibitions: Defence Attaches were given financial powers and support to participate in global defence exhibitions, trade fairs and bilateral dealings. India's increasing presence in international defence expos such as DefExpo and Aero India helped promote its indigenous platforms to foreign governments.[21]

Legislative Support and Licensing: The legal framework governing arms production and exports includes the Arms Act of 1959 and the Arms Rules of 2016, amended periodically to ease licensing requirements.[22] The Government also simplified SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technologies) licensing under the DGFT Export Control System, reducing delays and promoting transparency. By empowering private players and easing the process of technology transfer, India has made rapid progress in enhancing its export capabilities. Between 2014 and 2024, India's defence exports grew from ₹1,940 crore (US$300 million) to over ₹21,000 crore (US$2.5 billion).[23] These figures are a testament to the success of the post-2014 reforms.

MAJOR DEFENCE EXPORTS AND SUCCESS STORIES: SHOWCASING INDIA'S INDIGENOUS CAPABILITIES

India's growing reputation as a credible exporter of defence equipment is anchored in its ability to develop and deliver advanced military platforms that are cost-effective, reliable and suited to the operational needs of partner countries. The success stories of India's defence exports showcase not only technological advancement but also the strengthening of diplomatic and strategic ties through defence diplomacy.

1. Export of Akash Surface-to-Air Missile System: One of the most notable defence export achievements has been the Akash missile system. It is an indigenously developed medium-

[20] 'Standard Operating Procedure (SOP) for issue of No Objection Certificate (NOC) for Export of Military Stores by Public as well as Private Sector Units' (*Department of Defence*, 2020) <https://www.ddpmod.gov.in/sites/default/files/2024-08/sop.pdf> accessed 10 May 2025

[21] 'Prime Minister Shri Narendra Modi inaugurates Aero India 2023 in Bengaluru; Releases Commemorative Stamp' (*PIB*, 13 February 2023) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1898656> accessed 10 May 2025

[22] Arms Act 1959

[23] Ministry of Defence, *Annual Report and Accounts 2023–24* 156

range surface-to-air missile (SAM) designed by the Defence Research and Development Organisation (DRDO). The missile system is capable of engaging multiple aerial threats simultaneously and is equipped with a powerful command guidance system. In 2021, the Cabinet Committee on Security approved the export of the Akash system to friendly foreign countries.[24] Several nations, including Vietnam and the Philippines, have shown interest in acquiring the Akash system, which demonstrates the growing confidence of international defence partners in Indian-made platforms.

2. BrahMos Supersonic Cruise Missile: The BrahMos missile, a product of an Indo-Russian joint venture between DRDO and Russia's NPO Mashinostroyenia, is one of the world's fastest supersonic cruise missiles. Capable of being launched from land, air and sea platforms and by which it has attracted significant international attention. In January 2022, India made its first-ever export of the BrahMos system to the Philippines under a $375 million deal, making it the biggest defence export deal in Indian history to date.[25] This achievement not only represented a major technological advancement but also enhanced India's global reputation as a reliable and responsible defence exporter. Furthermore, in May 2025, the successful demonstration of the missile's capabilities significantly strengthened its appeal to potential international buyers.

In a significant development for India's defence manufacturing sector, a state-of-the-art facility for producing BrahMos supersonic cruise missiles has been established in Lucknow, Uttar Pradesh. This initiative is part of India's broader goal to enhance indigenous defence production under the Make in India and Atmanirbhar Bharat campaigns. The facility is being developed by BrahMos Aerospace Private Limited (BAPL), which is a joint venture between India's Defence Research and Development Organisation (DRDO) and Russia's NPO Mashinostroyenia. The unit here is spread across nearly 200 acres in the Defence Industrial Corridor (DIC) of Uttar Pradesh and is expected to produce next-generation variants of the BrahMos missile for use by Indian armed forces and for exports to friendly foreign countries.

[24] 'Cabinet Approves Export of Akash Missile System and Creation of Committee for Faster Approval' (*Press Information Bureau*, 30 December 2020) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1684667> accessed 10 May 2025

[25] 'India-Philippines Sign $375 million BrahMos Missile Deal' *The Economic Times* (29 January 2022) <https://economictimes.indiatimes.com/news/defence/india-philippines-ink-375-million-deal-for-brahmos-missiles/articleshow/89188501.cms> accessed 10 May 2025

This project is estimated to bring in investments of over ₹10,000 crore and is expected to create hundreds of direct and indirect jobs in the region.[26] The plant will focus on assembling, integrating and testing BrahMos missiles and will significantly reduce India's dependency on foreign suppliers. It also aligns with the national policy of boosting defence exports, with the BrahMos missile already attracting interest from countries in Southeast Asia and Latin America. The establishment of this unit also strengthens India's strategic capabilities and demonstrates the government's commitment to developing defence infrastructure in key states like Uttar Pradesh, which is emerging as a major hub for defence production in northern India.[27]

HAL Tejas Light Combat Aircraft (LCA): The Tejas developed by Hindustan Aeronautics Limited (HAL), represents India's ambitions in indigenous aerospace development. The lightweight multirole fighter aircraft has been offered to several countries, including Argentina, Egypt, Sri Lanka and Malaysia. While export orders are yet to be finalised. India's willingness to offer Tejas on competitive and strategic terms reflects the country's capacity to compete in the global fighter aircraft market.

Advanced Light Helicopters (ALH) and Cheetal Helicopters: India has also achieved export success in rotary-wing platforms. The HAL-developed Advanced Light Helicopter (Dhruv) and the upgraded Cheetal helicopters have been exported to countries like Ecuador, Nepal and Mauritius. In 2022, Mauritius received a Dornier surveillance aircraft and an ALH under a Line of Credit arrangement from India, supporting maritime surveillance in the Indian Ocean region and promoting regional security cooperation.

Coastal Surveillance Systems and Naval Equipment: India has supplied Coastal Surveillance Radar Systems to countries like the Maldives, Seychelles and Mauritius. These systems are critical in countering maritime threats, including piracy and illegal fishing. In addition to missile systems, India has also exported naval platforms such as patrol vessels and fast interceptor boats to several nations across Africa and Southeast Asia, including Vietnam and the Maldives. A significant milestone in this effort was the transfer of INS

[26] 'BrahMos Project to Attract Fresh Investment of ₹10k Cr: UP Govt Official' (*Business Standard* (09 May 2025) <https://www.business-standard.com/external-affairs-defence-security/news/brahmos-project-to-attract-fresh-investment-of-10k-cr-up-govt-official-125050900966_1.html> accessed 10 May 2025

[27] 'BrahMos Manufacturing Unit in Lucknow to Boost Defence Production and Export' (*PIB*, December 2022) <https://pib.gov.in/PressReleasePage.aspx?PRID=1884403> accessed 10 May 2025

Kirpan, a fully operational warship, to Vietnam in 2023. This marked the first time India gifted a functioning frontline naval ship to another country, setting a notable precedent in the realm of defence diplomacy and strategic maritime cooperation.[28]

Artillery, Ammunition and Protective Gear: India has also expanded exports in categories such as artillery shells, small arms, night vision equipment, bulletproof jackets and protective gear. The United Arab Emirates, Armenia and Saudi Arabia have shown interest in procuring artillery systems and ammunition from Indian manufacturers. Private companies like Bharat Forge and Solar Industries are emerging as major exporters of precision ammunition and artillery systems.

Lockheed Martin–Tata Advanced Systems Limited (TASL): A Strategic Defence Partnership: One of the most notable examples of international collaboration in India's defence sector is the joint venture between the American aerospace and defence giant Lockheed Martin and Tata Advanced Systems Limited (TASL). This partnership aligns with India's strategic vision under the 'Make in India' initiative, seeking to boost indigenous defence manufacturing and reduce reliance on imports. In 2018, Lockheed Martin and Tata established a joint venture in Hyderabad, Telangana, to manufacture the C-130J Super Hercules aircraft components and the entire fuselage for global customers. This facility is the only one outside the United States that assembles complete fuselages for the C-130J and sends them directly to Lockheed Martin's final assembly line in Marietta, Georgia. The joint venture has already delivered over 190 fuselages as of 2024.

CHALLENGES FACED BY INDIAN DEFENCE EXPORTS: LEGAL, REGULATORY AND STRATEGIC OBSTACLES

Despite India's recent progress in defence manufacturing and exports, several challenges continue to hinder its potential as a global defence exporter. These challenges span across legal frameworks, bureaucratic blockage, technical limitations and strategic constraints. Unless addressed comprehensively, these issues can slow down India's growth in the competitive global arms market.

[28] 'After the abrogation of Articles 35A and 370 of the Constitution, Jammu and Kashmir has achieved significant development – Hon'ble Vice President Mr. Jagdeep Dhankhar' (*PIB*, 22 June 2023) <https://pib.gov.in/PressReleasePage.aspx?PRID=1934567> accessed 10 May 2025

Complex Regulatory and Licensing Framework: India's export regime is still encumbered by a complicated and multi-layered system of approvals. The defence export process involves coordination between multiple agencies such as the Ministry of Defence (MoD), the Ministry of External Affairs (MEA) and the Ministry of Commerce and Industry. The SCOMET list (Special Chemicals, Organisms, Materials, Equipment and Technologies) under the DGFT (Directorate General of Foreign Trade) regulates dual-use items and defence hardware. Exporters require a No Objection Certificate (NOC) from the Department of Defence Production and, in many cases, additional security clearance from intelligence agencies. Even though some reforms have been made, like starting an online portal for defence export licenses, the process is still slow and very cautious. This creates more difficulties for private companies as they often face delays and a lack of clarity, which makes it harder for them to take part in defence exports.

Limited Private Sector Participation: For decades, India's defence production was dominated by the public sector. The Defence Public Sector Undertakings (DPSUs) like HAL, BEL and BEML continue to hold a majority share in defence contracts and exports. Private industry, although now allowed in defence manufacturing and exports, often lacks the necessary access to classified technologies, R&D funding and platform-level contracts. Indian start-ups and MSMEs face barriers such as high capital requirements, limited economies of scale and difficulty in competing for global tenders. There is a need to give private companies more opportunities in the defence sector and to treat them equally with government-owned defence companies. This can be done by sharing technology with them and working together on research and development projects.

Absence of a Comprehensive Defence Export Strategy: Unlike countries such as Israel or South Korea, India lacks a dedicated institutionalised export promotion framework that links defence production with diplomatic, regional and geopolitical strategy. Defence exports are currently project-based and not guided by a national strategy that prioritises certain regions, platforms or technologies. The absence of Defence Attachés with marketing and technical expertise at embassies reduces India's visibility in defence deals. Although the Defence Export Promotion Scheme and the Atmanirbhar Bharat strategy aim to change this, a coherent and long-term vision is still evolving.

Technological Dependency and Innovation Gap: India still depends on foreign suppliers for critical subsystems, electronics and propulsion technologies, which limits its ability to deliver fully indigenous platforms. For example, the Tejas Light Combat Aircraft (LCA) includes imported engines (GE), radar (Israel) and avionics systems. The lack of indigenous testing infrastructure (e.g., wind tunnels, advanced material labs) and dependence on imported raw materials slows down the development of export-ready systems. Moreover, India's R&D spending in defence is less than 1% of GDP, which is primarily much lower than countries like Israel (4.5%) or South Korea (3.5%).

International Perception and After-Sales Concerns: Global buyers evaluate not just the price and quality of defence products but also after-sales support, maintenance capability, training and delivery timelines. Indian firms have faced criticism for delays in delivery, a lack of global maintenance hubs and limited interoperability support with foreign systems. Many people believe that Indian defence systems have not been tested enough in real combat or are still not advanced enough in terms of technology. To increase exports in the long run, it is important for India to build a strong reputation for good quality, reliability and ongoing support after the sale.

Export Control Regimes and Strategic Balancing: India's entry into international export control regimes like the MTCR (Missile Technology Control Regime), Wassenaar Arrangement and Australia Group is a positive step. But being part of international defence agreements also means India has to follow certain rules, such as sharing information and meeting global standards. To do this, India sometimes has to adjust its policies. However, trying to follow these international rules while also protecting its decision-making power can be difficult. This often slows down the approval process for defence exports or partnerships. India must also make a fine line between exporting to conflict zones and maintaining neutrality in regions like West Asia or Africa. The MoD has taken steps to align export policy with international norms, but comprehensive training of officials and exporters is still needed.

SUGGESTIONS

India has made significant progress in becoming a key player in the global defence export market. To sustain and accelerate this growth, the following suggestions are offered:

Establish a Single-Window Export Clearance Mechanism: Although progress has been made in simplifying export procedures, there must exist a unified digital platform that integrates licensing, customs clearance and end-user verification processes, which would reduce time and improve transparency.

Encourage Public-Private-Startup Collaboration: Greater synergies must be fostered between Defence Public Sector Undertakings (DPSUs), private firms and startups under schemes like iDEX with targeted R&D grants and easier IP-sharing agreements.

Reform Offset Policy for Greater Value Addition: The offset policy should be redesigned to focus more on technology transfer and co-development rather than just local assembly or services. Encouraging deeper partnerships will enable India to climb even higher in exporting.

Enhance Role of Defence Attachés Abroad: Defence Attachés in Indian embassies should be empowered with marketing budgets, export target mandates and direct coordination roles with defence exporters. This will help explore new markets and convert diplomatic goodwill into sales.

Incentivise the Private Sector with Export-linked Benefits: Fiscal incentives such as tax exemptions, subsidies, and concessional finance should be provided to private exporters based on performance and innovation. This would help them scale globally and expand exports in terms of quantity as well as monetary value.

Create a Defence Export Promotion Agency (DEPA): A dedicated autonomous Defence Export Promotion Agency should be set up to coordinate between ministries, industry, foreign missions and customers, similar to organisations like the U.S. Foreign Military Sales (FMS) system.

Implement Legal Reforms for IPR and Technology Transfer: Stronger enforcement of Intellectual Property Rights (IPR) laws and clear guidelines on technology licensing are essential to attract joint ventures and boost indigenous innovation.

CONCLUSION

India's transformation from a net importer to an emerging exporter of defence systems is one of the most remarkable policy shifts in recent times. This journey has been powered by progressive legal reforms, liberalised FDI norms, the strategic push for indigenisation under the Make in India and Atmanirbhar Bharat missions and focused export promotion initiatives. About ten years ago, India was exporting only a small amount of defence equipment, worth just a few hundred crore rupees. But by 2023, this grew to over ₹16,000 crore. This huge increase shows that recent changes in government policies and support systems have helped India improve its defence exports in a major way. The Defence Acquisition Procedure (DAP), changes in the SCOMET licensing regime, Export Promotion Policy (DPEPP) and establishment of agencies like iDEX and DEPC have all played a vital role in reshaping India's defence landscape.

The defence manufacturing ecosystem is still evolving day by day, while infrastructure limitations continue to pose challenges, and the intensity of global competition remains high. India must now focus on deepening its industrial base, promoting high-value R&D, expanding strategic partnerships and penetrating new markets across Africa, Latin America, Southeast Asia and more. India's growth as a dependable exporter of defence equipment does more than just increase its economic earnings; it plays a vital role in strengthening the nation's global position by successfully selling advanced defence products to other countries.

India not only brings in revenue but also builds long-term strategic relationships. This helps increase its influence in international affairs, especially in areas related to security and defence cooperation. At the same time, developing and exporting these technologies supports India's goal of becoming self-reliant in defence production, reducing dependence on foreign suppliers. Moreover, consistent and high-quality exports enhance India's reputation as a technologically capable and responsible nation, raising its standing on the global stage.

Sustained legal and policy innovation will be the key to securing a leadership role in the international defence ecosystem in the years to come. In very recent times, India has proved and shown its strength in India's defence systems, which has shown the trust and working of made-in-India missiles, which would further create interest for other nations in being

dependent on us for their defence needs. Further, Russia has also claimed to manufacture the S-500 in a joint venture with India, where India will hold a share of 51% and the same shall be a made-in-India product. Further, Japan has invited India to join with the UK and Italy in the GCAP program to build the 6th-generation Fighter Jet.

In the next few years, India is likely to achieve something historic in defence exports. This means that India is on track to reach a major and memorable achievement by selling more defence equipment like weapons, warships and military systems to other countries. It shows how far India has grown in building and exporting its defence technology, and this will become a proud moment for the country's defence and create a great economic history.