

India's defence exports crossed all-time high

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The Ministry of Defence reveals that India's arms exports reached a staggering Rs 21,083 crore in the financial year 2023-24, marking a 32.5% increase from the previous fiscal year.



[ref-ET]

Staggering Growth in Defence Exports:

- India's defence exports have soared, with figures indicating a **31-fold increase** over the past decade, compared to the **financial year 2013-14**.
- Comparing data from two decades - 2004-05 to 2013-14 and 2014-15 to 2023-24 - reveals a **21-fold growth in defense exports**.
 - **From 2004-05 to 2013-14, they totaled ₹4,312 crore**, while from **2014-15 to 2023-24, they increased to ₹88,319 crore**.

Contributors to Export Growth:

- The **private sector and Defence Public Sector Undertakings (DPSUs)** have played pivotal roles in this growth, contributing approximately 60% and 40%, respectively.
- The number of **export authorizations issued to defence exporters** also witnessed a notable increase from 1,414 in FY 2022-23 to 1,507 in FY 2023-24.

Expansion and Future Targets:

- India has set an **ambitious goal of reaching Rs 35,000 crore in annual defence exports by 2024-25**
- Defence Minister anticipates **exports to reach Rs 50,000 crore** and annual production to hit Rs 3 lakh crore by FY **2028-2029**.

Defence Imports by India:

- India has made efforts to reduce its dependence on defense imports, but it still holds the title of the world's largest arms importer.
- According to the latest report by the **Stockholm International Peace Research Institute (SIPRI)**,

India accounted for **9.8% of the total global defense imports** between 2019 and 2023.

- India's arms imports during the period of 2019-23 **increased by 4.7% compared to the period of 2014-18.**

Significance of growth in defence exports:

- Leads to development and improvement of countries own **industrial and technological capabilities** to produce **essential defense equipment and systems.**
- Encourages **self-reliance in India's defense sector.**
- **Integrating with the defense value chain through exports** to major countries can significantly enhance India's defense industry and global presence.

Challenges in defence exports:

- **Regulatory Complexity:** India faces challenges with **complex regulatory frameworks** involving multiple government agencies, leading to **delays in export clearances** that hinder global competitiveness.
- **Perception of Product Quality:** India's historical inconsistency in defence product quality perception deters international buyers, impacting its global appeal.
- **Geopolitical Considerations:** India faces the challenge of balancing strategic partnerships and expanding export markets amidst dynamic geopolitical landscapes.
 - Geopolitical factors heavily influence export decisions, necessitating adept diplomacy and foresight.

Initiatives to promote defence exports:

- Prioritization of procurement from domestic sources under **Defence Acquisition Procedure (DAP)-2020.**
- **Liberalization of Foreign Direct Investment (FDI) policy**, allowing 74% FDI under automatic route.
- Launch of **Mission DefSpace** and **Innovations for Defence Excellence (iDEX) scheme.**
- Establishing **Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu**, to attract investments and create a comprehensive defense manufacturing ecosystem.
- The **DEPC (Defense Export Promotion Council) Scheme**, launched in October 2018, aims to promote the government's "Make In India" initiative.
- **Positive Indigenization Lists** comprise **four defense equipment and platforms** for which there would be an **embargo on imports.**