

Atma Nirbhar Bharat: A Study of Make-in-India Initiative in the Defence Sector

Alok Kumar & Brajesh Kumar Mishra

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Abstract:

Defence sector is driving force of global economy. Advanced countries have been investing billion dollars for the manufacturing of the defence weapons. Indian defence sector depends on the foreign imports. The proposed study investigated and analysed defence manufacturing in India. The proposed research study highlights the gap between the expected role of government and private companies which will be useful for policy-level intervention. The productivity of Indian defence sector is very minimal. There is urgency of Indian military to fulfil the immediate demands, therefore it is very important to have a discussion or research on how to increase or improve the productivity of the Indian defence sector. Thus, the 'model of Make-in-India Initiative will help the productivity of Indian defence sector. And this model can be also replicate in the other manufacturing sectors. The proposed study intends to support policymakers and other stakeholders to establish a benchmark for scaling up of investment in the defence sector. The present study analyzes how public-private partnership help for the defence manufacturing. Therefore, the expected outcomes will enable practitioners and policymakers in evolving plans and policies for the promotion of public-private partnership in the defence sector. The new policies and plans related to Make-in-India will help the growth and development of Indian defence sector. The crisis of supply military weapons and equipments to the Indian military will reduce as a result of greater productivity in India after the initiation of Make-in-India program. The study may be a useful document for the policymakers and Government officials working on similar kinds of research works. Further, it is also useful for various stakeholders such as entrepreneurs, investors and foreign companies to invest Indian defence sector. It can serve as a benchmark document for implementing agencies to use when reviewing projects of a similar nature.

Keywords: Investment, Innovation, Technology, Growth, Development, Employment, Manufacturing, output

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- Assistant Professor (Guest), Department of Humanities, Shri Lal Bahadur Shastri National Sanskrit University, New Delhi.
 - Assistant Professor, Department of Humanities, Shri Lal Bahadur Shastri National Sanskrit University, New Delhi.
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Introduction

Self-reliance is the capacity to complete assignments and make choices on your own, without any of the aid of others. India has trying to become the self-reliance country in the world. It has changed the various policies to attract the foreign investors for investing in the defence sector so that it can help to fulfil the demands of Indian military and can also to expand Indian defence market globally. The Make-in-India Initiative was one of them that launched by the Indian Prime Minister Narendra Modi to resolve crisis of defence sector. Through Make-in-India Initiative, India wants to achieve the objectives of Atma Nirbhar Bharat or Self Reliance. Indian Prime Minister stated that Indian economy has been growing that is why world looking towards India for the collaboration, innovation and investment. There no doubt that Atma Nirbhar Bharat initiative has larger impact emerging Indian economy at the global level.

After announce of Make in India, numerous stakeholders and collaborators have shown their interest in the defence sector. It is the golden opportunity for the local and global investor. The approach of Indian government has completely changed now therefore it has revised its policies and programs. These changes have given the opportunity of multiple national and international players for investment, innovation, collaboration and produce the equipment's according the requirement of local and global market. The intention of Indian government is clear now that produce everything from fighter planes to mobile phones in India. However, India remains the world's 2nd buyer of defence weapons that clearly indicates lack of manufacturing advanced equipment's and weapons by Indian companies.

Therefore, this study will look into the causes of low investment and low output in defence manufacturing despite the several policies and plans being implemented by the government. And also this study will try to find out the answer of the following questions; what is the impact of Make-in-India Initiative on investment, manufacturing output and creation of job opportunity?; what is the impact of Make-in-India Initiative for the indigenous design, development and manufacturing of the defence weapons?; what are the problems and challenges in the implementation of Make in India initiative in the defence sector?; what are the factors that played a crucial role in the Make in India initiative?; what should be the policies level intervention from the government promoting the defence manufacturing in India?

How Has the [Atma Nirbhar Bharat](#) Initiative Evolved Historically?



During national campaign 2014, Indian Prime Minister Modi promised to deliver good governance, creation of two crore jobs, removal the corruption and boost the economic growth through implementation of new policies and programs. After won the elections, he introduced numerous new policies and program to build strong India to fulfil his promises. The Make-in-India Initiative is one them that launched by the Indian Prime Minister Narendra Modi. There are several sectors including defence, trying to perform well under Make-in-India Initiative and India has now undertaken a fresh push to attain greater self-reliance in weaponry manufacture as part of a larger, multi-sector program called Make in India. Indian defence indigenization initiatives are part of broader discussions about governments' armament strategy and global weapons manufacturing patterns. India is doing efforts to transition from a leading arms importer to a major manufacturer (and considerable exporter).

Changes in Foreign Direct Investment (FDI) Policy

If we look the policy reforms of Indian defence sectors, it started since 2001 that ended the grip of Public Sector Undertakings-Ordnance Factories (PSU-OF) over the defence manufacturing sector. In 2001, India allowed FDI into the defence sector up to 26% through a government-approved mechanism, opening up the sector to 100% Indian private investment. However, the 26% FDI restriction had not been able to draw a significant amount of FDI into defence sector. India had received US\$306.88 billion in FDI between 2000 and 2010 while Indian defence sector has US\$4.94 million that was just 0.002% of the total FDI. This investment in the defence sector is very low as compare other sectors. The various committees' such as Defence Expenditure Review Committee studies and the Naresh Chandra Committee have constituted to address the problems and challenges of the Indian defence sector. These Committees have recommended increasing FDI limit from 26 percentages to 100 percentages to the larger transformation of Indian Defence. The impacts of these recommendations have been seen, when the government has introduced FDI limit up to 49 percentages in the defence, but these changes did not attract enough FDI investment, in 2015 defence sector has only received ₹4.80 million FDI. Keep in view of previous trends and patterns of FDI in defence sector, again in June 2016 India permitted 100 percent FDI; up to 49 percent automatic route and beyond 49 percent government route, whatever it is likely to result in access to modern technology or for other reasons to be recorded.

Changes in Defence Production Policy

The Defence Production Policy 2011 attempts to increase self-reliance in essential technologies (OEMs). The policy's aims are to reach independency in the manufacturing of defence weapons as soon as possible; to foster an environment that will allow the private sector to actively participate in this effort; to maximise the potential of SMEs for indigenization; and to increase the nation's defence R&D base. The government intends to establish a strong domestic defence industrial base by aggressively supporting greater participation of the Indian private industry in the design, research, and production of defence equipment.

Defence Offsets Policy

The Offsets Policy 2012 intends to use our large arms purchases to bring in cutting-edge technology and long-term partnerships with Original Equipment Manufacturers. Under the Defense Offset Policy, a foreign enterprise that spends more than Rs. 300 crore in India is required to purchase at least 30% of the overall value of the goods domestically manufactured. The goals of Defence Offsets Policy are to strengthen domestic defence industry as well as domestic R&D capabilities. Additionally, it could aid in the acquisition of some technological advances, the creation of new domestic jobs, the improvement of labour force skills, the protection of exchange rate, the promotion of capital investment flow, etc. (Ministry of Defence 2012).

Reforms in Defence Procurement Policy 2013

Defense Procurement Policy (DPP) 2013, among other policy initiatives; have improved the playing field for business. The most significant adjustment was giving priority to purchasing equipment from Indian suppliers. Indigenous component in domestically purchased or produced equipment is another significant development. Regarding indigenization, DPP laws include information on its definition, reporting requirements, self-certification audit, and expenditures related to the use of indigenous material. If the requisite degree of indigenization is not reached, provisions have been provided for the withdrawal of compensation and the imposition of sanctions.

Make-in-India Initiative in the Defence Sector

The Make-in-India Initiative was launched by Modi Government for modernizing the Indian defence manufacturing. Its aim builds a larger manufacturing ecosystem with help of local and global firms, emphasising on production of indigenous defence equipment's and weapons. The key objectives of Make-in-India

initiative; (i) to strengthen the border infrastructure for better border management, policing, and border guarding; (ii) to get advance and cutting-edge techniques for enhancing air military capacity; (iii) to support domestic design, research, and production of defence platforms, systems, and subsystems; (iv) to strengthen the position of MSMEs in the defence sector; (v) to upgrade defence weapons such as Cheetah and Chetak helicopters, with the Russian-built Ka-226T and the indigenous Light Utility Helicopter (LUH) produced by HAL under the "Buy (Indian-IDDMM)" programme. India is the **third-largest military spender** in the world, with defence expenditure accounting for about **2.15% of its GDP. To strengthen the Indian manufacturing**, the government has established two industrial corridors in Tamil Nadu and Uttar Pradesh. Likewise, the government has taken several steps to promote the manufacturing and local market that is why India's defence exports reached milestones. It indicates the positive impact of the Make-in-India Initiative in the defence sector that is taking structural transformation for increasing the manufacturing of defence weapons and equipment's. But there various experts like M. Suresh Babu lighted the problems and challenges of Make-in-India Initiative as whole.

Impact of Make-in-India Initiative in the Defence Sector

The remarkable transformation in the Indian defence sector has been occurred from 2014 to 2026, emerging as a hub of technologically advanced industry ecosystem. This shift has been driven by gradual policy reforms, increased public and private enterprises investment, and vision of Atma Nirbhar Bharat initiative which seeks to strengthen solid foundation of technologically advanced and competitive industries while reducing dependence on imports and increasing exports. The Atma Nirbhar Bharat initiative has promoted technological innovation and enhanced collaboration among various companies.

SI.	Category	2014-15	2025-26
1	Defence Capital Expenditure	94,587 Cr.	2.19 lakh Cr.
2	Defence Budget	2.53 lakh Cr.	7.85 lakh Cr.
3	Budget Allocation for Defence R&D	13716 Cr.	29100 Cr.

4	India's Defence Production Growth*	46,429 Cr.	1,78000 Cr.
5	Defence Export	686 Cr.	38424 Cr.
6	Number of Defence Industrial Licences**	258	834
7	FDI Inflow into Defence Sector***	686	6670.49 Cr

Source: Press Information Bureau (PIB), India.

Note:* available data till June 2026; **available data till March 2026;*** available data till March 2026

The data show in the table indicates the significant transformation of Indian defence sector after 2014. This transformation has taken place due to various policy reforms including initiative of Atma Nirbhar Bharat. One of the most significant changes has taken place in defence capital expenditure, which expanded from ₹94,587 crore in 2014–15 to ₹2.19 lakh crore in 2025–26. This increase indicates the government committed to build indigenous military capabilities and modernizing the Indian armed forces. Similarly, the overall defence budget expanded from ₹2.53 lakh crore to ₹7.85 lakh crore, indicating positive impacts of the government policy reforms and initiative. The growth and development of Indian industries would not possible without serious attention of the Defence Research and Development (R&D). The data shows in the table also indicates the budget allocation for defence research and development rising from ₹13,716 crore to ₹29,100 crore. Increasing R&D capital is most important and crucial for developing indigenous innovative and market oriented technologies and reducing dependence on foreign suppliers and global market. The impact of R&D investment has been in the defence production that increased from ₹46,429 crore to ₹1,78,000 crore. It reflects positive impact of Make in India and Atma Nirbhar Bharat. The defence exports has increased from ₹686 crore to ₹38,424 crore which demonstrating the gradual demands of Indian defence products in the global defence market. These are several defence stated that strict licence system was the serious problem of the Indian defence sector. They argued that the government should change certain rules so that defence industrial licences can be increased. The data shows in the table, defence industrial licences increased from 258 to 834, indicating the entry of more private companies into the Indian defence sector. On the basis of above indicators it can be said that Indian defence sector has undergone significant transformation that evolving as a reliable security partner in the

global market. Today Indian defence has been trying to global hub of manufacturing sector. India is not only now global importer but also exporter of defence equipment, shaping the future of India's self-reliance vision.

Conclusion

The *Make-in-India Initiative has brought the major transformation to the defence sector by promoting the manufacturing, innovation, collaboration, and trade. Since 2014, the government has taken numerous steps and introduced policy informs to reduce import of defence weapons and make India as a self-reliance country.* This initiative has provided the opportunity of local and global companies to India a defence hub through technology transfer and investment. Therefore, defence production and export of defence trade has received remarkable progress. The data of defence sector clearly shows that this sector has substantially growth between 2014 and 2026, demonstrated that Make-in-India Initiative has created the stronger and more competitive defence industrial ecosystem and enhanced its image at global level. Despite this progress, growth and achievements, low of foreign direct investment and technology transfer in the defence sector is the serious challenge but it can be said that Indian defence sector has undergone significant transformation that evolving India as a reliable security partner in the global market.

Devised to transform India into a global design and manufacturing hub, Make in India was a timely response to a critical situation. By 2013, the much-hyped emerging markets bubble had burst, and India's growth rate had fallen to its lowest level in a decade. The promise of the BRICS Nations (Brazil, Russia, India, China and South Africa) had faded, and India was tagged as one of the so-called 'Fragile Five'. Global investors debated whether the world's largest democracy was a risk or an opportunity. India's 1.2 billion citizens questioned whether India was too big to succeed or too big to fail. India was on the brink of severe economic failure, desperately in need of a big push.

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