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India Aerospace and Defence Market Size and Share - Outlook Report, Forecast Trends and Growth Analysis (2025-2034)

Market Report | 2025-06-28 | 120 pages | EMR Inc.

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Report description:

The India aerospace and defence market is witnessing remarkable growth, driven by various government initiatives like 'Make in India' and increased defence budgets. As of 2024, the market size was estimated at USD 28.68 Billion and is projected to grow at a CAGR of around 7.10% through 2034. This growth is expected to propel the market to attain USD 56.95 Billion due to the heightened defence requirements, technological advancements, and the emphasis on indigenous manufacturing and self-reliance.

India Aerospace and Defence Market Overview

India's defence and aerospace industry is going through a revolutionary phase in 2025, characterized by tremendous growth and strategic developments. Directed-energy weapons and hypersonic missile systems have been successfully tested by the Defence Research and Development Organisation (DRDO), boosting the country's strategic ability. The Combat Air Teaming System (CATS) Warrior, an unmanned combat aerial vehicle designed by Hindustan Aeronautics Limited (HAL), showcases advancements in autonomous systems. The Aero India 2025 show featured the latest technologies, such as AI-based solutions and stealth aircraft, demonstrating India's focus on innovation and international cooperation. These technologies, combined with greater private sector involvement and international collaborations, establish India as an emerging leader in the international aerospace and defence sector. India Aerospace and Defence Market Report Summary

Description

Value

Base Year

USD Billion

2024

Historical Period

USD Billion

2018-2024

Forecast Period

USD Billion

2025-2034

Market Size 2024

USD Billion

28.68

Market Size 2034

USD Billion

56.95

CAGR 2018-2024

Percentage

XX%

CAGR 2025-2034

Percentage

7.10%

CAGR 2025-2034 - Market by Region

South India

8.1%

CAGR 2025-2034 - Market by Region

East India

7.6%

CAGR 2025-2034 - Market by Platform

Aerospace

7.5%

CAGR 2025-2034 - Market by Offerings

Communication Systems

8.3%

2024 Market Share by Region

West India

27.2%

India Aerospace and Defence Market Drivers

Rising Defence Exports, Military Modernization, and MRO Expansion Fueling Market Growth

The growth in defence exports and the development of two defence industrial corridors in Uttar Pradesh and Tamil Nadu are two main factors augmenting the demand for aerospace and defence innovations in India. The corridors are leading to the formation of clusters for manufacturing and innovation, attracting both indigenous and foreign firms. Defence exports increased to more than INR 16,000 crore in FY24, a sign of increasing international faith in India's capabilities, thus driving the growth of the India aerospace and defence market.

Modernization of the military is yet another major driver. The Indian military is transforming its platforms with next-generation aircraft, communication systems, and intelligent weapons. At the same time, there's a country-wide drive for infrastructure growth, such as new test and training facilities, airfields, and naval shipyards that enable indigenous production and quicker deployment.

Aerospace component and MRO (Maintenance, Repair, and Overhaul) service demand is also on the rise. India's commercial aviation industry is thriving with growth in fleet size by airlines such as IndiGo and Air India. In support of this growth, India is creating its own local MRO capacity, lowering reliance on global hubs and reducing operational costs for carriers.

Trends in the India Aerospace and Defence Market

Rising Indigenization and AI Integration in Defence Systems To Push Growth

India is experiencing a shift towards indigenization with the "Aatmanirbhar Bharat" drive. Major platforms such as the LCA Tejas, HAL Prachand, and INS Vikrant demonstrate the increasing design and manufacturing capability of India. The trend diminishes foreign dependence and creates self-reliance in key systems.

AI and drone technology is transforming battlefield strategies, propelling the demand of the India aerospace and defence market. Unmanned Aerial Vehicles (UAVs), autonomous observation systems, and AI-driven analytics are being more used for border patrols, intelligence gathering, and combat. Startups as well as established players are breaking new frontiers in AI-driven warfare.

Booming Space-Tech and Defence Startups Driving Innovation

The space industry is gravitating more towards new innovations, led by ISRO and private players under the IN-SPACe initiative. Startups are placing satellites in orbit, developing propulsion systems, and creating Earth observation platforms. India's moon and Mars missions have generated a generation of aerospace entrepreneurs and drawn big funding.

Defence-tech startup growth is accelerating innovation, thereby boosting the India aerospace and defence market expansion. More than 300 startups are currently operating in the defence sector with the support of the iDEX (Innovations for Defence Excellence) platform. These companies are creating next-generation systems in communications, robotics, smart armour, and cyber defence.

India Aerospace and Defence Market Share

By Platform, Aerospace Leads Defence Scenario

Aerospace dominates India's defence industry, spanning military, civil, and space sectors, thereby augmenting with a 7.5% CAGR during the forecast period. Military aviation is leading with programmes such as LCA Tejas and C-295 aircraft. As per India aerospace and defence market analysis, civil aviation is growing with fleet expansion from IndiGo and Air India. Space aviation is the most rapidly developing platform, led by satellite launches and missions such as Chandrayaan-3 and Gaganyaan, facilitated by ISRO and private entities under the IN-SPACe initiative.

By Offerings, Communications are Dominating the Market

Communication Systems make up the dominant share of defence offerings and is thus anticipated to garner an 8.3% CAGR during the forecast period. One example of such dominance is Bharat Electronics Limited (BEL), which provides sophisticated communication systems such as Software Defined Radios (SDRs) and battlefield management systems to the Indian Armed Forces, enabling safe, real-time data exchange on land, in the air, and on naval platforms. According to India aerospace and defence market analysis, simulation and Training Systems are also strongly impacting the growth curve, with DRDO and HAL creating VR-based training solutions to increase combat readiness. This trend favors contemporary, cost-saving military preparedness.

Manufacturing and MRO Services Drive Growth

Manufacturing, design and engineering takes the lead among services offered, driven by the Make in India campaign and new plants from companies such as Tata Advanced Systems and Adani Defence. These firms are forging alliances with international OEMs and lengthening the defence supply chain, hence promoting India aerospace and defence demand. Meanwhile, maintenance, repair, and overhaul (MRO) is the most rapidly growing, particularly in civil aviation, as companies such as Air Works and Indamer set up domestic MRO centers to minimize downtime and foreign reliance.

India Aerospace and Defence Market Regional Insights

CAGR 2025-2034 - Market by

Region

South India

8.1%

East India

7.6%

West India

XX%

North India

XX%

Presence of Key Organisation in South Indian Region Promotes Regional Growth

South India accounts for the largest share of India's A&D market and is home to key hubs such as Bengaluru, Hyderabad, and Chennai. They are hubs for aerospace R&D, manufacturing, and space missions. They are home to aerospace and defence giants such as HAL, ISRO, and several private companies, giving the area a high density of innovation ecosystem. Bengaluru alone produces more than 25% of India's aerospace output. It has well-established R&D ecosystems, skilled workforce, and advanced manufacturing infrastructure, thus boosting the India aerospace and defence market expansion.

North India, with the states of Uttar Pradesh leading the charge, is the most rapidly growing region owing to the committed defence corridor and mega-scale manufacturing units being established. This has attracted more than INR 24,000 crore worth of investment commitments. Sufficient land, dynamic policies, and increasing public-private partnerships are making it a strategic defence manufacturing hub.

Competitive Landscape

Major India aerospace and defence market players are looking for strategic partnerships, technology transfer, and capacity addition. HAL, for example, is having collaborations with foreign OEMs for joint manufacturing and sourcing of components. Tata and Adani are investing in drone systems and large-capacity manufacturing facilities._x000D_
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Private firms are using strategic acquisitions, R&D spending, and government contracts to expand operations. Several companies are also establishing standalone divisions for exports and international collaborations to cater to global demand, in line with India's vision to emerge as a leading defence exporter.

Hindustan Aeronautics Limited (HAL)

Founded in 1940 in Bengaluru, HAL dominates India's aerospace industry with indigenous aircraft, helicopters, engines, and avionics, serving defence and space organizations. It has certified production and R&D facilities globally. HAL has manufactured major platforms such as LCA Tejas, Dhruv helicopter, and Sukhoi-30MKI under license. It provides defence forces and space agencies in India and exports to Africa and Southeast Asia.

Bharat Dynamics Limited (BDL)

Founded in 1970 in Hyderabad, BDL produces strategic missile systems for India's defence forces and exports. It is India's only manufacturer of native missile systems such as Akash, Astra, and Nag. BDL serves the defence requirements of India and also exports to friendly countries, further consolidating India's geopolitical influence.

Bharat Electronics Limited (BEL)

Founded in 1954 in Bengaluru, BEL supplies electronic warfare, radars, and communications systems. It provides tri-services and exports defence electronics internationally. BEL possesses state-of-the-art certifications and dominates India's digital battlefield infrastructure. It has developed indigenous projects like Akash Radar, naval sonars, and encrypted communication networks.

Tata Advanced Systems Limited (TASL)

Established in 2007 in Hyderabad, TASL provides UAVs, aerospace parts, and missile systems via global collaborations. It exports to more than 25 nations, complementing the Make in India initiative with high-technology, certified manufacturing units. The company holds AS9100 and ISO 27001 certifications, reinforcing its focus on aerospace quality and information security in advanced defence programs.

Other key players in the report include Airbus SAS, General Electric Company, Collins Aerospace, Defence Research & Development Organisation, Mahindra Aerospace Private Limited, and Adani Defence and Aerospace, among others.

Recent Developments

March 2025

Goa Shipyard commissioned the second P1135.6 frigate, a key milestone in the development of India's indigenous warship building prowess. The ship, under a four-ship deal with Russia, adds to India's naval power and emphasizes its drive towards self-reliance in defense production. The commissioning fits into the 'Aatmanirbhar Bharat' mission, evidencing advancements in domestic shipbuilding.

March 2025

India intends to put 52 spy satellites into orbit in the next five years to bolster its space-based surveillance capabilities as per the Indian National Space Promotion and Authorization Center (IN-SPACe) Chairman. The private sector will develop half of these satellites, while the other half will be constructed by the Indian Space Research Organisation (ISRO).

January 2025

India's navy inducted the three indigenous ships, namely, INS Vagsheer (submarine), INS Surat (destroyer), and INS Nilgiri (frigate), in an effort to strengthen naval security against China's increasing maritime presence in the Indian Ocean. This indicates India's focus on developing its naval strength and indigenous defense production.

October 2024

India's first private military aircraft factory is being operated jointly by Tata and Airbus in Vadodara, Gujarat. The factory will produce 40 C-295 transport planes for the Indian Air Force and the first locally made plane is due by 2026. The USD 2.5 billion contract encompasses 16 planes supplied from Spain, and six of them have already arrived. This project is a big boost to India's efforts for self-reliance in defense production.

Market Outlook: 2025-2034

The defence and aerospace market in India is set for long-term, high-growth in the coming decade. With annual growth rates of more than 7% projected, the market will be driven by increasing defence budgets, accelerated modernization, and favorable policy support. Indigenization, AI adoption, and space exploration will be key drivers of growth. India may become one of the world's top five defence producers by 2034, shifting from a large importer to a self-reliant base of innovation and strategic power.

Why This Report?

The India Aerospace and Defence Market Report and Forecast 2025-2034 delivers a thorough and strategic analysis, offering key insights into:

? Market size, share, and growth forecasts , with a special focus on regional dynamics across North, South, East, and West India , highlighting investment hotspots and production clusters.
? In-depth SWOT and Porter?s Five Forces analyses to examine the competitive landscape, supplier and buyer dynamics, new entrants, and the bargaining power of players within the aerospace and defence ecosystem.
? Insights into key demand and price indicators , such as the impact of defence procurement policies, offset obligations, indigenization mandates, and international collaborations on pricing and investment trends.
? Actionable recommendations for stakeholders, including strategies to adopt emerging technologies like AI and unmanned systems, leverage government incentives under Make in India, and forge partnerships across civil, military, and space domains.

This report equips government bodies, industry leaders, investors, and innovators with the data and foresight needed to navigate India?s evolving aerospace and defence landscape, seize new opportunities, and build resilience against market shifts. Stay ahead with Expert Market Research?s trusted intelligence and forecasts.

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