

Defence budget may grow fivefold by 2047

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India's defence budget could rise a little under fivefold to ₹31.7 trillion in 2047 from ₹6.81 trillion in 2025-26 (FY26), with defence production increasing over sixfold to ₹8.8 trillion from ₹1.46 trillion in FY25, suggests the Defence Industrial Sector Vision 2047 report of the Confederation of Indian Industry (CII) and KPMG India.

The report — titled “Atmanirbhar, Agrani, and Atulya Bharat 2047” — unveiled on Thursday at the CII Annual Business Summit in New Delhi, also estimates India's defence exports to rise to ₹2.8 trillion in 2047, up nearly twelvefold from ₹24,000 crore in FY25.

Similarly, total research and development (R&D) expenditure could jump from 4 per cent of the defence budget at present to 8-10 per cent, and defence spend could increase from 2 per cent of gross domestic product (GDP) to 4-5 per cent. Terming these figures milestones, the report underlines three conditions that have to be met in the coming years to achieve these.



Percentage of GDP spent on defence could jump from 2% to 4-5%, the CII-KPMG report said

The report notes that achieving the vision of India as a developed nation by 2047, particularly through a strengthened defence sector, faces several roadblocks and challenges: “Budgetary constraints could limit the necessary investments in modernising the armed forces and developing indigenous military technologies. Addi-

tionally, regulatory red tape and procedural quagmire often slow down defence procurement and indigenous R&D initiatives, creating inefficiencies. Dependence on defence imports for critical technologies remains a significant challenge, hindering self-reliance and innovation... Furthermore, there is a shortage of skilled manpower to drive advanced technological developments and manage sophisticated defence systems.”

Stating that fostering robust public-private partnerships is necessary, the report argues this remains challenging because the private sector needs incentives and support to enter and sustain in the defence manufacturing domain.

“Intellectual property (IP) rights and technology-transfer issues with foreign collaborators also present obstacles in achieving self-reliance. Addressing these challenges requires strategic planning, increased Budget allocations, streamlined procedures, robust policy frameworks, and fostering a culture of innovation and collaboration between the public and private sectors.”

Highlighting India's aspirations to

emerge as a leading nation in the global defence hierarchy, the report lists “strategic vectors” that break down this vision into three specific objectives.

First, the report calls for achieving enhanced self-reliance in defence production and capabilities by 2032, by targeting critical areas for comprehensive indigenous development, reducing dependence on foreign suppliers, and fostering innovation through domestic R&D and manufacturing excellence.

Second, by 2038, the report sees India becoming one of the top-five global exporters of high-quality defence equipment and technology by expanding international partnerships, meeting global standards, and vigorously promoting defence products in international markets.

Third, by 2045, it calls on India to become a world leader in developing and deploying cutting-edge niche technologies across the defence sector, by encouraging collaboration between industry, academia, and government, and driving substantial investments in futuristic R&D.